

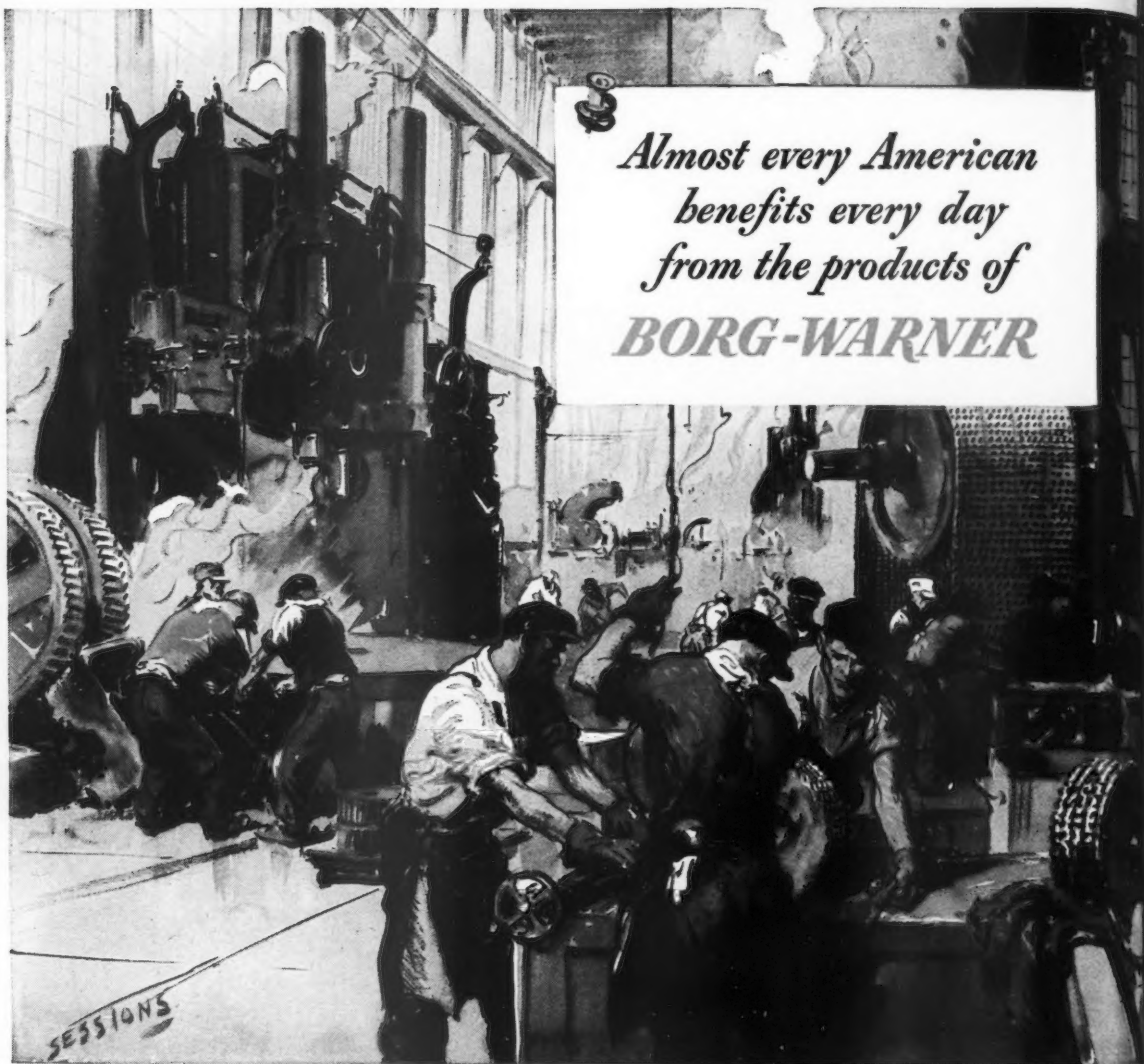
BANKING

JOURNAL OF THE
AMERICAN BANKERS
ASSOCIATION
JULY 1945



Face Lifting Main Street

Mr. Agriculture Once
Had Heart Trouble



*Almost every American
benefits every day
from the products of
BORG-WARNER*

PRECISION MANUFACTURE OF CHAIN DRIVES for a vast variety of war uses in battleships, landing craft, tugs and tanks, is painted by James Sessions at the Morse Chain Company in Ithaca, N. Y. This great Borg-Warner plant is one of the world's largest makers of automotive timing chains. It, also, makes both roller and silent rocker chains as well as sprockets for every hook-up where chain transmits power. These range from the smallest sizes to giant assemblies.

Peacetime makers of essential operating parts for the automotive, aviation, marine, and farm implement industries, and of Norge home appliances.

When American industry converts to peace, its genius for production which proved so valuable in war again will be devoted to raising the standard of living of our nation.

Then as now Borg-Warner will make contributions in many fields. For it not only produces complete products, but also essential operating parts for products of other industries. Just, as one example, Borg-Warner parts are serving in 9 out of 10 "makes" of automobiles.

The engineering and large-scale production of this group of companies has been guided from the beginning by the basic principle "Design it better, make it better." This striving for progress is typically American and partly responsible for the great developments which industry has brought our country.

Today this Borg-Warner ideal pledged to Victory. Tomorrow it will be working to bring you ever better products at ever lower costs.



These units form Borg-Warner: BORG & BECK • BORG-WARNER INTERNATIONAL • BORG WARNER SERVICE PARTS • B-W SUPPLY CHARGERS, INC. • CALUMET STEEL • DETROIT GEAR • DETROIT VAPOR STOVE • INGERSOLL STEEL & DISC • LONG MANUFACTURING MARBON • MARVEL-SCHEBLER CARBURETOR • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • NORGE • NORGE MACHINE PRODUCTS • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS • WARNER GEAR

Just a Minute



Charles Frost

A Kid and a Cover

THE young man on our cover this month is CHARLES FROST of Utica, Ohio. His occupation of not only the place of honor in our front window, but also of standing room in an honored chair at Utica's First National Bank is a matter of interest to BANKING's family, and we gladly make it public.

Early in June, while the editorial staff was going through the routine throes of "picking the cover picture," the mail delivery brought a sizable flat package, first class. Usually mail of this description waits until the letters have been read, but this time a still, small voice peremptorily commanded, "Open that one first!"

The reward for obeying that concession to hunch was Charles and a letter. Charles, of course, was a sight for editorial eyes, though not quite self-explanatory. However, the letter filled in the chinks.

"Magnificently Freckled . . ."

IT WAS from GEORGE J. KIENZLE, public relations department, Firestone Tire and Rubber Company. He said that

(CONTINUED ON PAGE 3)

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Assurance of Safety

Before the days of the Asbestos Curtain, even minor fires in theaters often brought panic and a heavy toll of casualties in their wake. » » In fact, the public eventually became so aroused by the frequency and magnitude of these disasters that, following Chicago's tragic Iroquois Theatre fire in 1903, laws and ordinances were passed in many states and cities, making the installation of safety curtains obligatory. » » Likewise, it was the urgent need for safer checks which brought LaMonte Safety Paper into existence. This product was invented by George LaMonte in 1871, following a period when "check raising" was so definitely on the increase as to cause grave concern among bankers and business men. » » And as LaMonte Safety Paper became more and more widely used, it became increasingly evident to all that here, at last, was a product which was more than a match for the forger. » » When you specify LaMonte Safety Paper, you are selecting a product which was not only the first in the field, but one which has maintained its leadership for nearly three quarters of a century.

For Samples of LaMonte Safety Paper see your Lithographer or Printer—or write us direct.

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LA MONTE
GEORGE LA MONTE & SON

Safety PAPER
NUTLEY, NEW JERSEY



The Wavy Lines are a LaMonte Trade Mark

We supply many banks and business organizations with their own INDIVIDUALLY IDENTIFIED Safety Paper. The issuing organization's Trade-Mark is in the paper itself and appears on both the front and back of the check. Such INDIVIDUALIZED paper provides maximum protection against counterfeiting—saves Banks sorting time—helps prevent errors.



while driving through Utica recently he saw Charles polishing the brass sign of The First National Bank. The pictorial value of the scene was just too much for the journalistic instincts of Mr. KIENZLE and CURT GOTTSCHALK, the Firestone photographer who was his traveling companion, and they stopped. The picture was taken, and Mr. KIENZLE got from the bank the story behind it.

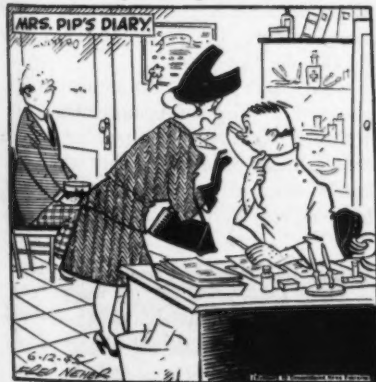
"Standing on a chair once used by the late Abel J. Wilson, who founded the bank in 1871," he wrote, "the 16-year-old typifies the American boy who knows he dare not fail. The oldest of three children of Mrs. Anna Frost, Charles realizes he must contribute everything possible to the support of his widowed mother and his two younger brothers.

"Undaunted, the boy has hitched his hopes to the high spirit of optimism which has marked American banking since its inception. In a time of financial stress for his family, Charles has allied himself with the profession which has served as a balance wheel for American business as it rode the peaks of success or fought its way back from the brink of ruin.

"True, his task is a humble one—polishing the brass and doing other odd jobs at the bank. But it is important, as is every task in the banking business. For the yardstick by which the greatness of a bank is measured is its talent for detail, its capacity for little things as well as big ones.

"Magnificently freckled by the sun that comes to shine in a special way on this free land of ours, Charles goes seriously about his brass polishing job, sure in the belief that in addition to being an American he has exceptional opportunity and responsibility for another reason: He is a banker."

"Please, doctor, don't prescribe a victory garden for him. That's just what made him go all to pieces"



The Neighbors

By George Clark



"And you could work your way up, son. Maybe become a vice-president, like me"

Now It's Your Turn

ON THE theory that the interest in most pictures can be whetted by a good title, we challenge our readers to produce one for Charles. Mr. KIENZLE suggested "Bank President, 1975," which sets a high standard, of course. But we feel that Master Frost deserves the best thought of BANKING's entire readership, so do your best by him.

The incentive—aside from the stimulation to your mental processes—is our \$5 check. The rules are simple:

Send your title or titles to Contest Editor, BANKING, 22 East 40 Street, New York City 16, on or before July 25.

In case the winning title is duplicated the award goes to the first received.

Facials for Main Street

WHEN you begin our leading article, "Face Lifting Main Street," you may arch a skeptical eyebrow and mutter, "What's this?"

Dr. FAUGHT, the author, anticipates just that reaction, as you'll note somewhere around the bottom of the first column. But then he goes on to show not only the possibilities in modernizing storefronts, but also that many communities have made the job a part of their post-war plan.

"At the very minimum," he says, "there are a hundred community face lifting projects, of varying degrees of scope, under way in the United States, with many more in the discussion stage. And either voluntarily, or willy-nilly, local bankers in each of these places are being drawn into the picture."

Too much of our current economic

Property Facts Are Basic

The starting point for sound solution of problems of Income Taxation, Reconversion, Accounting, Insurance and Finance is an accurate knowledge and record of Property Facts.

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MARINE TRUST COMPANY

Buffalo's Oldest and Largest Commercial Bank



"She claims her husband never forgets her birthdays. I guess when one has been doing a thing a long time he gets the habit"

information, Dr. FAUGHT believes, "is dumped in the path of human progress like truckloads of big rocks. As a result, we need a lot of writers to bust up the rocks and spread the resulting gravel around so people can use it to improve the path."

In his economic rock-busting activities, Dr. FAUGHT has learned much about business men and how they operate. He will soon publish some of his gently satirical observations in a book entitled, "The Care and Feeding of Executives, and the General Theory of How to Be One."

Home, Sweet Home

THIS department is definitely for Progress. But nostalgia stirs us to the defense of one Main Street mentioned in Dr. FAUGHT's list of candidates for a facial.

The thoroughfare was lined for two miles (counting both sides of the street) with emporia brazenly labelled "AD 1880" (circa), three cigar store Indians which were bitter competitors for the pennies that went surreptitiously into Sweet Caps, ornamental hitching posts for the accommodation of carriage trade and country shoppers, and a skyline that occasionally ventured to four stories—or more, if you counted the cupola on the old Blood Block.

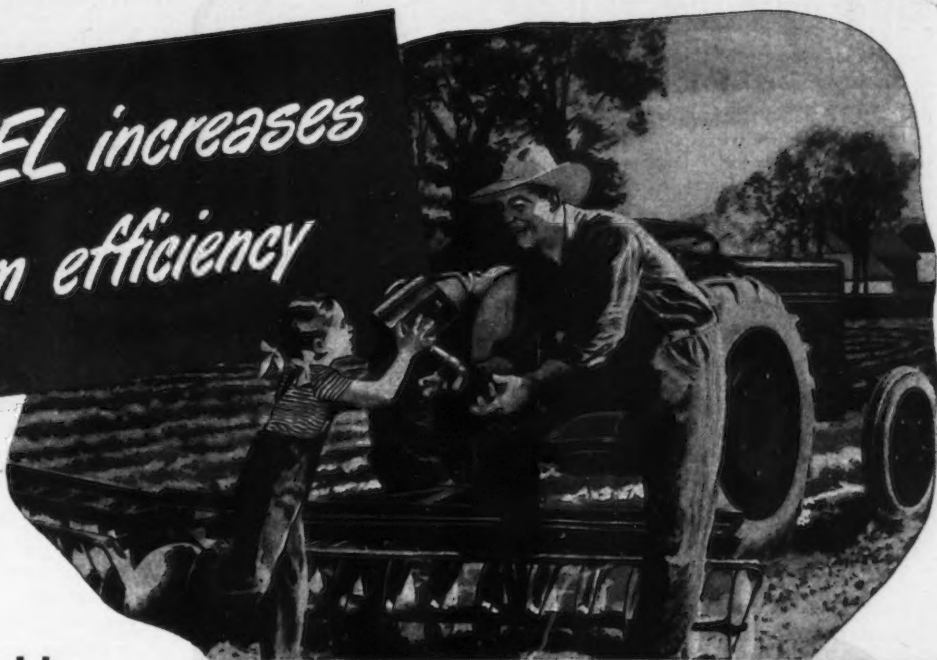
That Main Street, like many others, was not a thing of beauty. But, Dr. FAUGHT, we loved it just the same, especially on Saturday nights when the stores, some still lighted by Welsbach burners, stayed open until 9 o'clock.

When the War Is Over

A few paragraphs back we talked about Main Street and its post-war (CONTINUED ON PAGE 6)

BANKING

**STEEL increases
farm efficiency**



Steel buildings and equipment are good loan risks!



THE FARMER who plans to modernize with steel is a good loan risk. He is making an investment to put his food producing business on an efficient profit-yielding basis.

The modern, steel-covered Machinery Shed shown above, for example, will reduce depreciation of expensive equipment by giving long-lasting, secure protection from rain, snow, fire and lightning, and the comfortable, compact workshop at one end of the shed is an inducement to make repairs in bad weather.

Steel is an ideal material for cover-

ing all farm structures. It can be easily cleaned and disinfected in dairy barn, milk house and poultry buildings. It excludes rodents and other destructive pests from corn cribs and grain bins. On the barn it safeguards livestock, feed, stored crops and other valuable contents from damage by the elements. And it protects the framework of all farm buildings, often eliminating the neces-

sity for frequent and costly repairs.

The farmer who modernizes with steel knows that steel is "tops" for protection, for strength, for long life and low maintenance cost . . . he knows steel will help increase efficiency, step up food production and boost income. *Out of increased income the farmer who builds efficiently with steel can easily repay money borrowed for modernization.*

AMERICAN STEEL & WIRE COMPANY, Cleveland, Chicago and New York
CARNEGIE-ILLINOIS STEEL CORPORATION, Pittsburgh and Chicago
COLUMBIA STEEL COMPANY, San Francisco
TENNESSEE COAL, IRON & RAILROAD COMPANY, Birmingham
United States Steel Export Company, New York



UNITED STATES STEEL

PRODUCTION

Emphasis nowadays is on production. How can we make things better, quicker and cheaper? How can we cut down the backlog? How can we get out more work with less new employees than we did formerly with adequate, experienced staffs? What little thing can we do to make it easier for our production people?

These are questions we are all asking these days and everyone is pitching in and helping to find the right answers. In banks, and especially in banks whose bookkeeping departments are staffed with inexperienced people, we find very few still on the job who "know" signatures. Most of them have to "read" signatures and consequently it takes

them longer to sort and post and file.

It would be easy to make things easy for these production people. Just pick out the customers whose signatures are hard to read and sell them Personalized Checks. Everyone likes Personalized Checks, nobody balks at the price of \$1.25 for 200 and it would give such a "lift" to the youngsters in the bookkeeping department if all customers used them.

Try it out today on ten customers whose signatures are slowing down production and then if you would like to sell Personalized Checks to all your customers and you want to do it on a planned basis, write us for details concerning the DeLuxe Personalized Check program.

De Luxe
CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

JUST A MINUTE—Continued

potential. Come to think of it, there are several other articles in this issue that have a direct bearing on the business of banks after wartime restrictions are removed.

There are, for instance, Mr. PADDT's discussion of consumer credit prospects; Mr. DOREMUS' report on the movement for closer cooperation between insurance agents and banks in the consumer loan field; the informal debate in print between Messrs. HARRISON and LELAND on how to pay the national debt; Mr. CHURCHILL's authoritative pointers on the subject of neighborhood decay, a problem vital to mortgage lenders as well as home owners.

Timely Now

CLOSER to the current scene, perhaps, are Mr. BRATTER's article on the treasury's "unusual currency" SOS; Mr. BUTTERFIELD's suggestions for effective letter writing, and Miss SAMPSELL's on radio programs for smaller banks; also, Mr. SEVERSON's interesting story, in the Country Banker section, about one banker's contribution to solving agricultural problems in his southern state.

Banking in Naha

ACCOMPANYING the Sixth Marine Division into Naha on Okinawa was Correspondent W. H. LAWRENCE of the *New York Times*. Reporting the devastation wrought in that city by our bombs and gunfire, LAWRENCE said that in the main downtown section the least damaged building was a branch of the Tokyo Bank, "whose vaults were filled with literally thousands of pieces of currency, most of it well-worn from considerable handling."

(CONTINUED ON PAGE 11)

There are many alternatives
but only one "Waldorf"



The WALDORF-ASTORIA

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LUCIUS BOOMER
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FRANK READY
President

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assuring a knowledge of require-
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COMPANY OF NEW YORK
ESTABLISHED 1908

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Corporation

"I wrote down the combination so I wouldn't forget it. But it's in my hip pocket!"



BANKING

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Prices of hand model Addressographs begin at \$12.50; electric models at \$177.50. Illustrated is the Class 1900 Addressograph.

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TO MAKE HOUSES

More Interesting! More Salable!

Bring in the Spaciousness
of the Outdoors



Designed by Architect Burton Schutt, this luxurious Bel Air, Calif. house uses L-O-F Thermopane in large window areas.



A feeling of spaciousness depends, perhaps, more on what the eye sees than on the actual size of the room.

A wall of glass lets the eyes roam. The room takes on the light, broad feel of the outdoors, is opened up to the beauty of gardens, flowers and views.

Large windows increase the value of a home to the prospective owner because they increase apparent size of its rooms. They add resale advantages, too. *Daylight Engineering* makes rooms brighter, more livable . . . floods them with healthful, cheerful, eye-saving daylight.

When walls are opened up with glass, extra comfort and heat saving can be obtained by using Thermopane—the L-O-F windowpane that insulates.

The benefits of Thermopane are described briefly at right. For full information, write for our illustrated Thermopane Book and for Data Sheets by Don Graf.

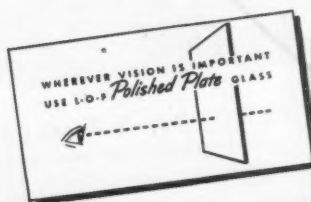
Libbey-Owens-Ford Glass Company, 1775 Nicholas Building, Toledo 3, Ohio.

Thermopane . . . the windowpane that insulates makes big windows practical in any climate



Thermopane provides effective insulation because a layer of dehydrated air is hermetically sealed between its two panes of glass. Thanks to the patented Bondermetic Seal, used to prevent dirt and moisture infiltration, there are only two glass surfaces to clean.

This double-glass windowpane fits into a modified sash, just like a single pane of regular glass . . . stays in all year. It's the modern, practical way to provide the benefits of bigger windows, with assurance of winter comfort and heating economy. Available in Canada.



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with Chase
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The IRON AGE
WINES & VINES
A BADGE OF HONOR
H.C. helps Bennett buy more raw material
*H.C. means Hidden Credit (Inventory) — used as security for a bank loan

1 Bennett had a chance to buy "surplus" materials. And then "buy" was going to practically drain his cash reserve.

2 Luckily, a Lawrence man that Bennett learned an inventory was not a frozen asset, but actually "hidden credit."

3 So Bennett field warehoused his raw materials through Lawrence System... presented his warehouse receipts to his banker... and received an inventory loan that more than covered his current needs!

HIDDEN IN YOUR INVENTORY may be all the credit you need for a loan! Whether it is grains or groceries, feeds or fertilizers, Lawrence Warehouse Company can help turn that inventory into working capital. And the inventory remains right on your premises as raw material; during the process of aging or curing; or as finished products. Your banker puts his "ok" on Lawrence field warehousing... for he knows the 30-year record of Lawrence Warehouse Company in helping business men to obtain additional working capital. Talk to him about it... or call your nearest Lawrence office.

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Field Warehousing FOR BANK LOANS ON INVENTORY

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"HIDDEN CREDIT" we call it... actually it is hidden collateral for you. As a service to your inventory loan department, Lawrence advertising is directing your customers' attention to a source of credit they often overlook. Get in touch with the Lawrence Branch in your locality.



LAWRENCE WAREHOUSE COMPANY

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Dallas • Houston • Denver • Fresno, California • Portland, Oregon

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JUST A MINUTE—Continued.

"The surprised custodians of all this wealth," continued the dispatch, "were two marine privates, George Taylor of Wichita, Kansas, and Ernest Wills of Wilkes-Barre, Pennsylvania, who showed us fat bundles of bills. Both of them said they had never seen so much money in their lives."

And This Goes for All the Other States!

TO THE list of unsung heroes of the civilian war front," said the *Indianapolis Star*, editorially, "add the names of the bankers of Indiana. And when we say 'bankers' we include not only the officers and directors of banks, but also the clerks, the tellers and the many employees who make up the banking personnel of Indiana. Under the leadership of Otto Frenzel, chairman of the financial division of the Indiana War Finance Committee, the banks of Indiana have set a record in the sale of War Bonds to depositors not equaled by the bankers of any other state.

"In every county in Indiana bankers have made War Bonds their business. They unselfishly urge their depositors to withdraw money from the banks and invest it in War Bonds. They do an effective personal solicitation job that takes time from their regular business. They serve on city and county War Bond committees. And they get the job done. They have done it so well that their record of cooperation in the bond campaigns has set a national record. They get little publicity and they ask for none. They are unsung heroes of the War Bond drives."

Finis

NOT that it's of any importance, but BANKING the other day removed from

"I'll take 30 of these. We can't get new screens"



July 1945

TOMORROW'S Calculator



Why not discover for yourself how easy it is to operate a FRIDEN...as the Calculator, not the Operator, does the Work. FRIDEN FULLY AUTOMATIC CALCULATORS *today* incorporate modern design with unexcelled figure work production. Telephone or write to your local Friden Representative and conveniently arrange for a demonstration of *tomorrow's calculator* on your own work *today*.

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Asked the Visitor of the Paper Chemist:

Why do you call it "cotton fiber" paper instead of "rag-content" paper?

Said the Paper Chemist to the Visitor:

Because all Parsons Papers are made from new, clean cotton cloth cuttings and new cotton fiber. Rag-content paper may be, and frequently is, made with old, used rags.



"You see, the fibers in old rags are always worn and weakened by the time the mills get them. Much stronger bleaches must be used on old rags than on new cotton cuttings—and this further weakens the fiber. Our cuttings come largely, as a matter of fact, from men's shirt factories. The cotton fiber used is fresh from the cotton mills."

That's why Parsons bond papers—used mainly for stationery and documents—are superior in feel, in writing and erasing qualities, in strength, durability and permanence. These are Parsons bond papers—available

in the various sizes, weights, colors and finishes permitted by W.P.B.:

OLD HAMPDEN BOND, 100% cotton and linen fiber.

PARSONS BOND, 100% cotton fiber.

L'ENVOI, 100% cotton fiber.

LACONIA BOND, 75% cotton fiber.

EDGEMONT BOND, 50% cotton fiber.

HERITAGE BOND, 25% cotton fiber.

When you buy stationery, specify PARSONS. Then you'll have the finest cotton content paper, made by a mill that specializes in paper for modern business, made to reflect and record the *quality* of your organization, your business, your profession.



PARSONS PAPER COMPANY • HOLYOKE, MASSACHUSETTS

its picture files and destroyed 13 photographs of Benito Mussolini and eight of Adolph Hitler.

Genesis to OPA

AMERICAN Bank Notes," house publication of the American National Bank of Nashville, reminds us that the Book of Genesis tells the story of the world's creation in less than 800 words, the Declaration of Independence is about 1,300 words long, but the Office of Price Administration took slightly more than 2,500 words to lower the wholesale price of cabbage seeds.

Just Genesis

SPEAKING of the Bible, CHARLIE ZIMMERMAN, who's secretary of the Pennsylvania Bankers Association in addition to being president of the First National Bank in that state, bobbed up with this one the other day—

"Do you know," he asked, "where cigarettes are first mentioned in the Bible?"

Frankly, no one on the editorial staff did know—much to his and her individual and combined chagrins.

But CHARLIE was kind enough to send along the proper reference: Genesis XXIV, 64. We're inclined to let you do your own research (as we did); but on second thought we'll make it easy for you.

Genesis XXIV, 64 reads:

"And Rebekah lifted up her eyes, and when she saw Isaac, she lighted off the camel."

Well—with a bow in the direction of another member of the Big Four—she was lucky to have one!

J. L. C.

"You'd better wait until your father's finished rolling his own cigarettes for tomorrow before asking him whether you can use the car"



BANKING

July 19



Yields Go Up · When the Rows Go Around

ADVANCED PRACTICES MAKE FARMING MORE SECURE

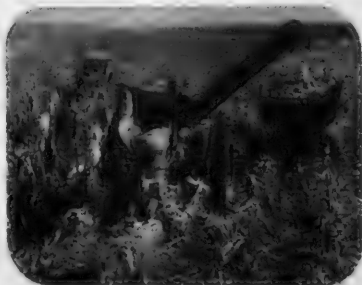
★ The sweeping curves of these crop rows show up as beautifully on a balance sheet as they do in the rolling countryside. Created to conserve soil and preserve land values by resisting erosion, contour cultivation currently pays double dividends. It pushes crop yields up and cuts down costs for labor and power.

Usually combined with other conservation practices, it seldom is possible to isolate the gains from contouring alone. However, a study in Iowa compared yields from contoured and non-contoured rows in the same 61 fields of corn. Average gain by contouring was 5.6 bushels per acre. Similar observations in Wisconsin, Missouri and Minnesota showed that contouring paid premiums ranging from 4.1 to 10 bushels.

Because it puts farming on the level, contour-

ing puts an end to hill-climbing with tractor and plow, combine and corn picker. For example, comparisons made in Nebraska showed savings of labor and fuel equal to 7 hours and 15 gallons on a 30-acre field of corn.

Like most soil conservation practices, contouring calls for no added machinery, no added expense. Farmers can do it without borrowing from you or buying from us. But it builds a sounder agriculture, creates better customers for us both. We believe it good business for us both to give active aid in the extension of all the advanced farm practices. Let us send you samples of new bulletin "Level Farming on Sloping Fields." There is also available for your use a full-color educational movie of the same name. J. I. Case Co., Racine, Wis.



CASE



Advanced practices, like all farming operations, are done with machines. Case dealers are supplied with bulletins, films, and other educational material to encourage soil conservation methods. Your cooperation with them, like their cooperation with the Soil Conservation Service, will help make farming in your community more productive and farm values more secure. The endurance for which Case machines are known commends them to farmers who plan for permanence, and for bank financing.

IT'S LIKE FINDING MONEY...



When the 285 cuts bookkeeping costs!

Many banks now reduce bookkeeping costs by speeding up their Loan and Discount accounting with the Model 285 bookkeeping machine that produces *all* related forms *simultaneously!*

In *one* operation, the Model 285 produces your Loan and Discount Journal, Liability Ledger and Note Notice, with duplicates of the latter serving as the Maturity Tickler, Audit Copy, Maker's Record and Officer's Copy.

The 285 attains its cost-reducing speed, because it is automatic and completely electrified.

It is the **ONLY** completely electrified bookkeeping machine that *computes* and *prints* balances *automatically*.

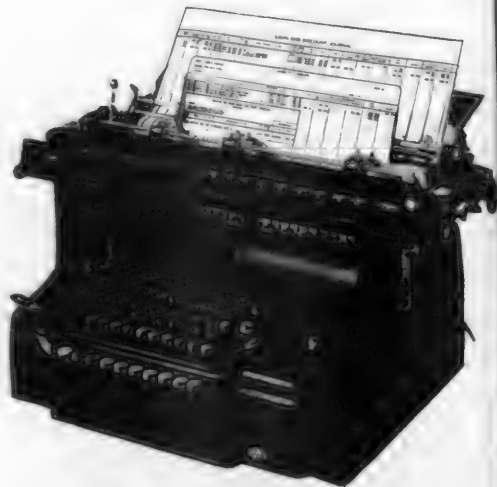
With the 285, an operator has only to insert forms and record information . . . the machine does everything else automatically.

Everywhere banks use the 285 for loan and discount, payroll, trust, insurance and real estate accounting, and many more applications. They say the 285 reduces work, saves time, and *cuts* costs!

Let the 285 cut *your* costs. Your nearest Remington Rand specialist will analyze your accounting needs without obligation. Phone him *now*, or write to us.

The Model 285 bookkeeping machine
speeds your accounting records
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Bookkeeping Machines for **YOUR EVERY** Requirement

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Here in CCH's practical LABOR LAW REPORTS is provided swift, complete, and dependable coverage of "labor law." Its informative weekly issues span the whole work-a-day world of statutes, regulations, rulings, court and administrative decisions, returns, forms, reports, instructions concerning the important federal and state regulation of labor relations and wage-hour problems.

Coverage includes: Wage and Salary 'Stabilization Law, War Labor Disputes Act, Overtime Pay Order, National Labor Relations Act, Fair

Labor Standards Act, anti-discrimination laws, public contracts laws relating to wages and hours, anti-injunction laws, state labor relations acts, state wage and hour laws, etc.

Pertinent amendments, regulations, rulings, interpretative bulletins, and court decisions are likewise promptly reported. Thus, subscribers always have the last word, the newest development, the latest twist and turn of events of interest or importance in the field of "labor law."

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The Banks Are Ready

AMERICA'S private banking system is meeting the tests of war... is doing its job to speed final victory... and is ready to provide industry with the credit needed for the shiftover to peacetime activity.

The nation can tackle the difficult tasks ahead with greater confidence by reason of the fact that the banks as a whole are in a stronger position than ever before—both financially and in terms of newer viewpoints and methods.

The banks are ready to supply credit in full measure to competent individuals, firms and corporations for all constructive purposes. The banks have developed lending methods which have been tested and proved in recent years—term loans, accounts-receivable financing, consumer-credit financing, field-warehouse financing, to mention a few.

Sound correspondent banking relationships and the banks own regional credit groups back up the individual banks in their determination to provide adequate local credit.

In a word, the banks are ready, willing and able to meet the full credit needs of business—small, medium and large. Use this service—get in touch with your bank and find out how it can help you over the hurdles of war-contract termination and assist you in getting squared away for the new conditions ahead.

BANKERS TRUST COMPANY
NEW YORK

Number 1 of a series of advertisements appearing currently in *Time Magazine*, *Business Week*, *Newsweek*, *Atlantic Monthly*, *Harper's*, *Wall Street Journal*, *Barron's*

WE STAND READY TO BACK UP OUR CORRESPONDENT BANKS in providing adequate credit for local enterprises regardless of size if inherently sound. The type of organization we have developed for serving correspondent banks, and the experience of our officers in dealing with loans to industry in all sections of the country, enable us to act promptly in cooperating with local banks to provide adequate local credit.



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It Started With a Pail of Mackerel

Here's another of BANKING's reports on unusual American business origins. The series is especially for bankers who, on the eve of the great post-war industrial readjustment, are interested in small businesses and their possibilities.

JOHN L. COOLEY

THIS story begins with a bucket of salt mackerel that took a train ride. The journey commenced 60 years ago at Gloucester, Massachusetts, and you might say it's never ended, for the Frank E. Davis Fish Company, which emerged from that casual piscatorial cargo, has since been sending to the four corners of the country mail-order shipments of "salt mackerel, codfish, lobster, etc."

As businesses go, it's still small, employing about 40 persons and grossing around half a million in normal years. But the beginning and development of the good idea the company represents are typically American, and so is the part friendly banks have had in helping a customer carry out its pledge, "Right from the fishing boats to you."

FRANK E. DAVIS was a Gloucesterman who didn't go to sea, except maybe for a ride now and then. He was a partner in a small tinsmith shop. His father owned a mackerel boat, and Frank, as a boy, took trips in it. But Main Street looked more comfortable, from the career viewpoint, than did the rolling deep, so he settled down to the prosaic life of a tinman, with plumbing and stove-selling as sidelines.

One day in 1885 Frank Davis got a letter from a friend who lived inland. The communication hasn't been preserved, but this reconstruction of it gives you the main thought:

"Dear Frank: We are all well here. Personally, I'd feel a lot better if I could get some honest-to-goodness mackerel like we had last time we visited you in Gloucester. The stuff they call mackerel here is terrible. As a matter of fact the cat won't touch it. Can you pack a pail of fish that's fit to eat and send it to us? . . ."

Frank Davis hied to the waterfront, bought a few salt mackerel, packed them carefully in a pail, shipped it to his friend, and then did a day's work in the tinshop. (No, he didn't realize what fate had marked down for him.)

A few days later came a letter from his friend extolling the sampling of the

quality of fish Gloucester people can get anytime they go downtown, and contrasting it with the local offerings. The letter suggested that Frank send a similar pail to another family in the same town.

Well, there it was, the Big Idea, nicely browned and ready to serve with lemon slices, if you like it that way . . . the sort of idea Americans have been getting since before Gloucester saw its first mackerel, more than three centuries ago.

"Why," you can imagine Frank Davis thinking, "if our fish tastes that good to Fred, maybe I can pick up some extra change selling to other folks who can't get to the seashore. Mackerel . . .

'specially selected . . . and by mail. Why not?"

He and his wife talked it over, and decided to take a cautious chance.

"We'll run a fish business as another sideline to tin and plumbing and stoves," Frank told her. "We'll write to more friends and ask for orders."

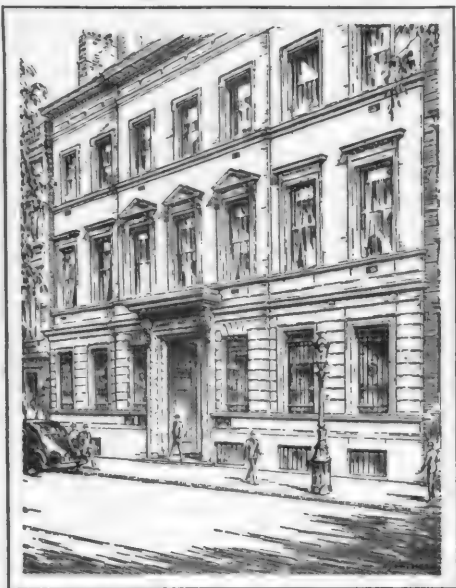
They did, and the orders came. Then the Davises invested part of their \$100 capital in a few printed circulars for mailing to business connections Frank had made in his tin establishment. Mrs. Davis addressed the envelopes evenings, after the supper dishes were done.

The circulars offered pails of the best selected Gloucester mackerel, "right off the boat, shipping charges prepaid." The result, of course, was more orders. Then Davis tried a mailing list built from

Gloucestermen in port



PHILIP GENDREAU PHOTOS



Our Brussels Office *An American Bank in Belgium*

Following the Treasury Department's recent announcement of the removal of many restrictions on private trade with Belgium, the way has been opened for the making of payments through this Bank's Office in Brussels. This Office, opened in 1919, affords complete banking facilities for international trade.

Our Foreign Department, through our New York organization, our offices in London, Paris, and Brussels, and our correspondents in all parts of the world, is exceptionally equipped to serve domestic banks and their clients. We invite inquiries as to how we may assist in specific problems arising in foreign trade.

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4 PLACE DE LA CONCORDE

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names culled from Dun's. Again the response was surprisingly good. Inlanders—many of them, anyway—certainly must be fish hankers. Tinsmithing, plumbing, stove-selling were all right but—why hadn't the Davises thought of this before!

Meanwhile, there was the job of filling the orders. Davis decided to stress quality. After all, you couldn't expect people to reorder if, through some fault of the fish, the first shipment hadn't been right. He knew the captains and the owners of every fishing vessel out of Gloucester, and he bought at the wharves mackerel that had been salted aboard the best boats immediately after the catch. He inspected his purchases and insisted on the best fish, properly cured.

DAVIS was a Yankee, and careful. Also he was short of cash, so things moved slowly. But the profits began to show, and he did what countless other successful free enterprisers have done—put the money back into the business, getting more customers, filling reorders, expanding his prospect list.

At first only mackerel was offered, at prices that included delivery by prepaid express. However, as the possibilities of the business were demonstrated, other seafoods, such as codfish, smoked haddock and various canned fish—joined the mail-order menu. No wholesale or retail outlets were added, nor have there been any since. Gloucester to customer, without way station stops, is the route of Davis fish.

For a time Davis handled the business alone, but then help had to be hired. Then, after many years of living in rented quarters, the business bought with the aid of a sizable mortgage, a

(CONTINUED ON PAGE 23)

First you take out the cod's liver



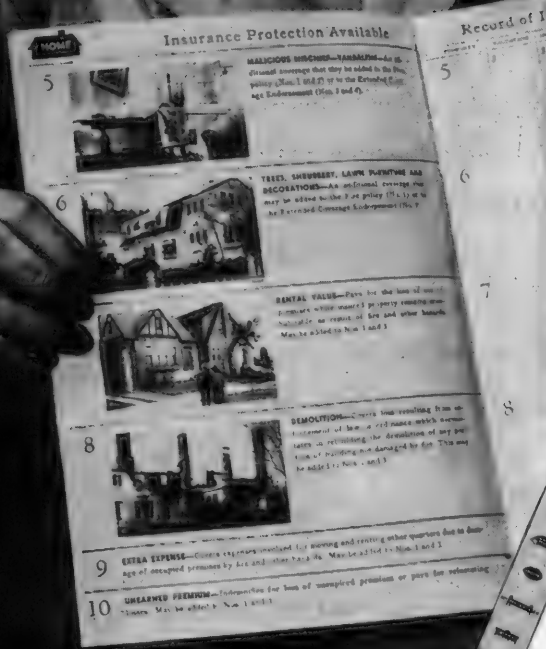
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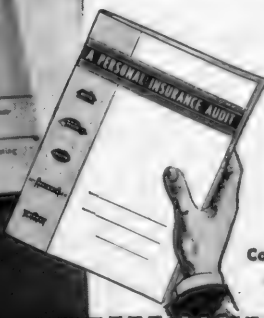
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LETTERS OF CREDIT—both domestic and foreign—are increasingly used as a financing method by business today—whether as buyer or seller. There are definite, practical reasons for this trend—time saved, flexibility permitting quick decisions in concluding a deal, and reduced time involved in credit investigation.

You do not need a foreign department to participate in this trend. *You* provide the judgement of credit and knowledge of the character and standing of the borrower; we provide the mechanics of issuing the Letter of Credit. Your customer benefits, and both your institution and ours are adequately compensated.

Write us about Letters of Credit and we will explain how we can “get together” on handling such transactions.

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How to Attract Postwar Customers

Now!

The new depositors you bring into your bank now, plus those you already serve, are the *likeliest* prospects for the automobile, home, and home appliance financing you will probably offer when victory comes. Experience proves that bank customers "stay put" when their needs are taken care of in a way that pleases them.

Right now busy men and women need special checking account services; the marked increase in popularity of such services proves that. Therefore, installation of No-Minimum-Balance Accounts can increase your bank's present earnings and provide valuable customers for postwar business as well.

To assist you in doing this, The Todd Company has developed Special Checking Account Services that include:

1. Flexible, bank-tested plans that may be tailored to your bank's individual needs.
2. Promotional material to help you build a profitable volume of this new business.

The free Todd booklet "No-Minimum-Balance Checking Accounts" offers, in condensed form, some results of our research in this field. It will enable you to explore the profit opportunities these services offer your bank. Mail the coupon for it, today.

THE TODD COMPANY, INC., ROCHESTER 3, N. Y.

Please send me your booklet on No-Minimum-Balance Accounts, with suggestions for analyzing our own situation. Without cost or obligation, of course.

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One-half the people in the eleven western states reside in California. This is the West's greatest market. If, in your own surveys, the present and post-war opportunities in California occupy an important place, remember this: At this bank, which serves California through branches in more than 300 cities and towns, planning for tomorrow is second

only to the task of meeting the vital banking and financial needs of today. Executives everywhere are finding the services of this bank invaluable, whether their interests lie in the field of agriculture or industry, in reaching a vast consumer market here, or in approaching future foreign markets beyond the Pacific. Inquiries receive prompt attention.

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Main Offices in the two reserve cities of California... San Francisco - Los Angeles

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A Pail of Mackerel

(CONTINUED FROM PAGE 18)

wharf and small building. In 1905 the Frank E. Davis Fish Company was incorporated and Davis's son Arthur became a part owner. Together they worked hard, outgrew the quarters that had launched countless shore dinners on their way to inlanders, and in 1911 erected a modern structure for the processing and packing of fish.

The business continued to grow through the years of World War I, and the depression that followed found the company heavily stocked with high-priced inventory, purchased with bank loans. Prices were falling and customers dwindling, but with the assistance of helpful banks, particularly the Webster and Atlas National of Boston, all obligations were paid over a period of time.

In the following years a capital surplus was accumulated and the arrival of the depression of the Thirties found the company able to meet business reverses.

OVER the years the Davises have advertised extensively in national magazines, but their main promotion line has been through the United States mails—folders, letters, order blanks. Believe it or not, 70 per cent of the customers are men.

In normal times the company, which now has a Canadian subsidiary, The Frank E. Davis Fisheries, Ltd., carries on its order ticket virtually every variety of preservable seafood. Currently, limited supplies of fish and restrictions on the use of tin for containers prevent the handling of the former volume.

The president is Arthur C. Davis, son of the founder. The treasurer, Arthur C. Davis, Jr., is the third generation and hopes that the fourth will step in.

Loading seine boats with repaired nets



BUILD *Prestige* WITH BETTER QUALITY LETTERHEADS!



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Carefully expressed thoughts and precisely selected words, neatly presented on fine letterhead paper never fail to make a good impression - build prestige. Their value far exceeds the little extra time and cost involved.

For instance, Fox River Anniversary Bond, a 100% rag content paper, costs only 1/5 cent more per letter than 25% rag content paper and provides the best business stationery available...crisp, clean, brilliant and permanent. You can see its superiority instantly. Send today for free demonstration "See for Yourself" comparison kit. Kindly write on your business stationery.

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**American Bankers
Keep Reliably
Informed on
Canadian Conditions**

Any bank executive may have our monthly bulletin—"Business Summary"—by writing to one of our American Offices or to the Head Office in Montreal.

This bulletin, briefly reporting industrial and trade conditions, is condensed from information received by the Bank of Montreal from branches throughout Canada and Newfoundland.

Executives of banks doing or contemplating business with Canada are invited also to make specific inquiries regarding conditions affecting their business or interests. Such inquiries may be directed either to our American representatives or to the Head Office.

Our Offices in the United States are open doors to Canada for all the modern, experienced banking services of Canada's oldest bank, with assets of over \$1,500,000,000 safeguarding a million deposit accounts.

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HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

**BANK OF
MONTREAL**

ESTABLISHED 1817



A quiet day at Gloucester

Incidentally, the members of the firm don't limit their activities to the front office. It's not unusual for them to go down to the wharf, when a big catch comes in, and toil with the men, sometimes far into the night, at the hard job of processing fish. If you don't believe that's work, try it sometime!

Basically, the business has undergone no changes since the day Frank E. Davis put that first pail of salt mackerel aboard a Boston & Maine Railroad train and went back to his shop, quite unmindful that he was about to swap tin shears for tin cans.

Trend in Bank Tax Methods

A summary of bank tax laws recently compiled for the Subcommittee on State Taxation of Banks of the American Bankers Association shows the following methods in use.

Excise-income: Seventeen states, including Alabama, Arizona, California, Colorado, Connecticut, Idaho, Massachusetts, Minnesota, New York, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Utah and Vermont.

General property: Thirteen states, including Arkansas, Georgia, Illinois, Louisiana, Mississippi, Missouri, Montana, Nevada, New Mexico, North Carolina, Tennessee, Texas and Wyoming.

Classified: Sixteen, including Delaware, Florida, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Nebraska, New Hampshire, New Jersey, Ohio, Pennsylvania, Virginia, and West Virginia.

The trend, according to Committee Secretary Thomas B. Paton, Jr., is from burdensome general property to excise-income taxes.



*"I finish an
hour sooner with
MARCHANT!"*



"MARCHANT's easy operation and high speed mean even more to me than to the boss. I rarely have a last-minute pile up of work. My trusty Marchant takes me through the day with time to spare...with-out fatigue or nerve strain."

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"We study and compare every calculator—feature by feature, advantage by advantage. Our latest review proves that Marchant is once again the leader—years ahead in Multiplication, Division, Addition and Subtraction."



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SERVICE STATIONS, GIVE SERVICE EVERYWHERE

The stores with *Eye-appeal*

are the stores
that people prefer!

*inside
and out*

BEFORE

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Plan **NOW** to make your store properties more attractive.
They'll be better investments for you.

If you can offer a prospective tenant a store that he *knows* will catch the eye, attract customers, and give him the jump on competition, you're practically assured of a long-term lease and good rental.

And that's where Pittsburgh Glass comes in! When you make the *interior* of your store properties smart, modern and appealing with Pittsburgh Glass . . . when you give your store *fronts* personality and stop-

ping power with Pittsburgh Glass and Store Front Metal . . . you've made a good investment. For thousands of merchants have already proved with Pittsburgh Glass that the store with eye-appeal is the store that gets the business.

But don't wait to act until building restrictions are lifted. Plan your new store fronts and interiors *now*. Then you'll get the work done quicker when store construction gets

A **BETTER-LOOKING STORE** means a better-paying business. Plan now to make *your* store properties more attractive . . . inside and out . . . with Pittsburgh Glass. They'll be more productive. This store in Scranton, Pa., is an example of how it's done. Architect: P. J. Morris.

the green light. See your architect to assure a well-planned, economical design. Our staff will gladly cooperate with him. And remember that loans made for store remodeling are usually very sound! Send the coupon below for our free books of information and photographs about actual Pittsburgh modernization jobs.

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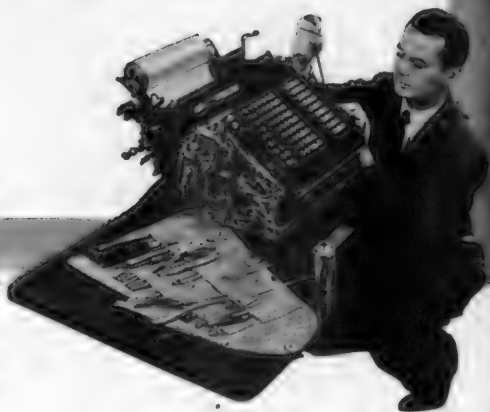
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It is only natural that users who selected Burroughs machines for fine construction and fine performance look to Burroughs for the finest mechanical service.

Years ago, in recognition of the fact that no machine—however superior in design and construction—can be any better than the mechanical service provided for it, Burroughs formulated a realistic service policy: *The best machines deserve the best service.*

The result is today's highly-trained, experienced service organization, whose intimate knowledge of Burroughs construction, adjustment and operation is helping more users than ever before to keep their Burroughs machines at peak operating efficiency.

Burroughs service is available to the user under either of two plans: (1) a Burroughs Service Agreement at a predetermined, moderate annual cost; or (2) service when requested, at a moderate charge for each service as rendered. All work is guaranteed by Burroughs.

In these times—when good service is so very important and generally most difficult to get—Burroughs mechanical service is unequalled for efficiency and dependability.

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FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES

BOTH SOCRATES AND FRANKLIN SAID:

"Honesty is the Best Policy"



WE SAY:

Bonded "Honesty is the Best Policy"

WE AGREE with these august gentlemen but, in all humility, simply must go them one better. Had they known what we have learned in more than 60 years about applying practical brakes to one of the frailties of human nature, they would smile knowingly and agree that we, too, "had something there."

You see, there were no corporate guarantors of individual honesty, and crimes of dishonesty weren't the serious menace they are today in a populous, complex society. So we are quite sure that if they were here today, they would okay our contention that *Bonded Hon-*

esty is far more effective in every way than relying upon Simon Pure Honesty alone. And among the features of modern America which would delight their blessed minds would be the carefully-developed protective measures provided by strong and well-equipped insurance companies to keep man from becoming his own worst enemy—to help keep honest men honest!

Bonded honesty is sound business policy. We suggest you call in one of our agents or your broker and have him present a plan to fit the needs of your organization.

Dependable

AMERICAN SURETY COMPANY

100 BROADWAY • NEW YORK

As America

NEW YORK CASUALTY COMPANY

AGENTS AND BROKERS EVERYWHERE



This is Southern California

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SECURITY-FIRST NATIONAL BANK

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with resources of over \$1,400,000,000
and 116 offices and branches from Central
California to the Mexican border.

MEMBER FEDERAL RESERVE SYSTEM
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Head Office:

Sixth and Spring Streets • Los Angeles 14, California

Founded in 1875

Banking's Post-War Credit Plans

BANKING's credit plans for "the little fellow" were outlined last month by bankers before the House Select Committee to Investigate and Study Small Business.

Heading the delegation of bank spokesmen was Robert M. Hanes, chairman of the Post-War Small Business Credit Commission of the American Bankers Association, and president of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina.

Four other bankers also spoke: Carl M. Flora, vice-president of the First Wisconsin National Bank, Milwaukee, and chairman of the A.B.A. Consumer Credit Committee; Elmer I. Eshleman, treasurer of the Western Maryland Trust Company, Frederick, Maryland; E. D. Reese, president of the Park National Bank, Newark, Ohio; and William Schroer, assistant vice-president, Mississippi Valley Trust Company, St. Louis.

Mr. Hanes' testimony placed before the committee the facts regarding banking's place in the field of small business and banking's plans for extending adequate credit to small and medium sized business in the reconversion and post-war periods.

"The growth and prosperity of small business have long been of vital concern to the banks, as by far the greater part of the business of all banks, day in and day out, is with small enterprises," said Mr. Hanes. "A survey of bank lending activity made in 1940—the last full business year before the war—showed that the reporting banks made more than 24½ million loans for a total in

excess of \$39 billion. This represents about 80,000 loans each banking day. Of greater significance, however, is the fact that the survey proved that the average new loan was \$1,787, and the average renewal was \$1,400. That obviously was small business and those who raised the question of banking's performance were satisfied by this answer."

THE work of the A.B.A. in preparing for the post-war period was reviewed by Mr. Hanes, who described special studies made in the field of small business, and the organization and development of the Post-War Small Business Credit Commission, with its credit policy to see that every competent man, firm and corporation needing bank credit for some constructive purpose that will serve the enterprise economy of our country will get it—and in adequate amounts and for sufficient lengths of time to do the job.

"This credit policy is being carried into effect in an ever-enlarging area through the operation of a five-point program adopted by the Commission. The response of the thousands of bankers with whom we have discussed this program gives us confidence that banking out of its own resources and within the framework of the present banking system will be able to provide adequate credit to business, industry and the professions. I had one example of this in the form of a response to a telegraphic poll of 100 banks represented on credit and other operating committees of the Association. I made this in anticipation of this hearing, believing that you would be

interested in the results. These came from banks of all sizes and in every section of the country. The results to date show that 93 commercial banks during the two months of January and April of this year made 99,500 new loans totaling \$1,666,000,000.

"Added to this quick spot check is the FDIC record of the 18 months between June 30, 1943 and December 30, 1944, which show that the total loans of all insured commercial banks increased approximately four billion dollars or a gain of about 23 per cent in 18 months. The Commission does not claim credit for this excellent showing. We do, however, believe our influence has been felt, and we are convinced that we are on the right track in carrying forward this five-point program."

HERE are some of the recent developments in the Commission's five-point program which Mr. Hanes brought to the Committee's attention:

(1) *Education.* A large part of the program will be devoted to informing banks regarding new developments in the credit field, although it is not expected that the 12,000 country banks will need to become expert in all the intricate financing techniques employed by specialists in the large metropolitan banks.

(2) *Term Loans.* "A prime objective of the Commission is to see that the principle of term loans is applied generally to the needs of small business. One step in that direction is the booklet before you prepared by the Association of Reserve City Bankers and distributed by the Post-War Small Business Credit Commission. . . ."

(3) *Small Business Loan Facilities.* "Where the volume of business is sufficient many banks are setting up small business credit departments to give special attention and experienced advice to the proprietors of small enterprise. In other banks certain officers are being designated to perform this special work. No special facilities or departments are necessary, of course, in the thousands of small banks that make up our banking system. Small business is their daily concern."

(4) *Correspondent Bank Relationships.* "I just arrived in Washington from a trip to seven trade areas extending from San Francisco to Chicago where I met with correspondent bankers.

I made this tour in the dual capacity of chairman of the Post-War Small



A veteran-laden transport docks at New York

PRESS ASSOCIATION



Federal Reserve Bank, Utah

Office problem: Paper work volume increasing but errors increasing, too! Management question—how can work be handled with fewer errors?

Indicated solution: Better lighting . . . but . . .

Limitations: Rewiring difficult or impossible because of reinforced concrete ceilings. Outlets inadequate in number. Heavy beams that complicate structural changes.

How it was solved: Wakefield was asked to make recommendations for better lighting. You see the result above. Continuous rows of GRENADIERS to provide more light on work and better light throughout the office. (Properly lighted walls and ceilings, in addition to light on work, mean greater eye comfort, less eyestrain.) GRENADIERS make it easy for existing outlets to handle the job without a "forest of re-wiring" because they provide their own wireway to carry feed wires. Wakefield's adjustable hangers facilitate installation; make ceiling irregularities no problem. Now after six months' operation, these units provide an average of 35 footcandles on desktops.

Perhaps there's a suggestion in this for you. Wakefield will be glad to work with you to help you get lighting that fits your needs . . . Write the F. W. Wakefield Brass Co., Vermilion, Ohio.



Business Credit Commission of the American Bankers Association and a president of the Association of Reserve City Bankers—the correspondent bankers of the nation. These men were enthusiastic in their response to our description of the program and the great majority of them have assured me of their desire to cooperate in every possible way with the country bankers."

(5) *Bank Credit Groups.* "It is important, we believe, to understand the response of banking to this part of our program. Within the short space of some seven months the difficult legal work has been completed, boards of directors have met and given their approval and the machinery set in operation for 31 different bank credit groups throughout the country having a total credit reservoir in excess of 550 million dollars. Many other groups are in process of organization and will soon be announced."

"This group movement has enjoyed widespread endorsement."

Mr. Hanes explained that he did not imply there would be unanimous acceptance or universal practice of all the policies and programs the A.B.A. is recommending.

"Banking is a democratic business," he said. "Some bankers will cling to old methods and will be slow in accepting new philosophies or new techniques. Some may not make many loans. On the other hand banking is also a highly competitive business and no alert businessman need suffer because of the lending policy of any particular bank. The great majority of banks want to make loans and are doing everything possible to obtain them."

TESTIMONY by other bankers covered the use of term loans, the value of correspondent relationships, and the functioning of bank credit groups.

Mr. Flora described a specialized term-lending service for small business developed by his bank.

Mr. Reese discussed term loans and gave many examples of their use in his bank.

The experience of a small bank of three and a half million dollars with the correspondent bank relationship was the subject of testimony by Mr. Eshleman.

Mr. Schroer discussed loans to men of character and ability. He described a number of cases in which loans that normally did not fall into orthodox credit classifications were made.





By the Way

Whenever you get disgusted with a movie, think how utterly idiotic the rejected scenarios must be.

The major question is whether Americans enlisted for the duration of the war or the duration of the peace.

The lost chord in the harmony of nations is accord.

What the people of Europe need to study their present condition is not economists but nutritionists.

We hope after the war we can get back to a system of government by checks and balances instead of checks and deficits.

Velocity is what you let go of a hot frying pan handle with.

Instead of chemists searching for a universal solvent, we suggest after this war that it might be easier to find a universal insolvent.

Economic lesson: Even when a debt is canceled, somebody pays it.

An army travels on its stomach, but some individuals travel on their gall.

No politician is ever as bad as he is painted by his enemies or as good as he is whitewashed by his friends.

Americans will have to learn that for every export there must be an import, or we shall continually be sending out relief ships to the world to keep peace.

When a woman demands equal rights, she is simply indulging in flattery.

You can get a government bulletin on almost every subject except curbing the government expenditures.

We recommend to nations desiring to balance their budgets that they sell advertising space on their outstanding currency.

A platitude is simply a wise crack you have heard before.

July 1945

AMERICA'S 2nd LARGEST

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WERNER STOR

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If your postwar expansion is westward bound, write us. Let us tell you the kind of job we can do for you in the Pacific.

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(Above) A half of one of the two Beech assembly lines producing wings and nacelles for the A-26 Invader attack bomber, one of America's major weapons in the war against Japan

SHORTLY before V-E Day, the 1000th set of A-26 Invader attack bomber wings and nacelles built by Beechcraft rolled onto the loading ramp with neither pomp nor ceremony. Beechcrafters were too busy planning for the other thousands to follow to pay any attention to this milestone.

Beechcrafters know that the war is not over until Japan has surrendered unconditionally. And Beechcrafters want to help finish the job in the shortest possible time.

They have met every assignment and every production schedule ever given to them. Even as the 1000th set of A-26 wings and nacelles came off the assembly line without causing a moment's pause in their work, so they carry on at quickened tempo until V-J Day. Beechcrafters will continue to meet all their commitments and obligations to our Armed Forces and in addition will have peacetime Beechcrafts ready for delivery at the proper time.

Beech Aircraft

C O R P O R A T I O N

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WICHITA, KANSAS, U. S. A.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JULY 1945



Face Lifting Main Street

MILLARD C. FAUGHT



MILLARD C. FAUGHT is an economist whose writings are more likely to turn up in the pages of widely-read magazines (he has written for Reader's Digest, Saturday Evening Post, Liberty, American Mercury, Printer's Ink, BANKING, and many others) than between the covers of thick books on economics.

IF THE 12,352 commercial bankers in cities of 25,000 population or under throughout the United States will step out their front doors and gaze up and down Main Street, they will see approximately a billion dollars' worth of potential post-war business. They will see it in the form of new construction and rebuilding necessary to bring the average pre-World War I architecture and false front stores, typical of America's smaller towns, up to the standards of "modern merchandising."

But perhaps we have started with too sweeping a generalization. Maybe it would be more realistic to say there is a school of thought among community business leaders throughout the country (and this school includes a number of local bankers) which believes that the over-all reconstruction and modernization of America's Main Street commercial areas would be a sound step and a major step toward the post-war revitalizing of both business volume and employment in the commerce and service segments of our economy.

Spokesmen for this school point out that commerce must supply a far higher proportion of our post-war jobs than it ever did before; that industrial and agricultural employment will decline relatively as an inescapable result of scientific and technological advances during the war; and that in the final analysis it is not how much we can produce, but how much goods and services we can sell and use which determines our standard of living. They see in this program of modernizing Main Street, and in the commercial progress which accompanies it, a useful tool for stimulating and dramatizing business and social progress in individual communities.

But by no means all—or even a sizable minority—of local business men and bankers have as yet enrolled in this face lift school. Some haven't even heard of it and others who have, say, "Horsefeathers!" (or some dignified version of the same) . . . "This is a vision seen all too brightly through rose-colored glasses."

To evaluate the case it seems necessary to take another one of those close "looks at the record." When we do take such a look, here is what we find:

Main Street face lifting got its first big start, or at least its first widespread publicity when the 34 merchants in Franklin Square, Long Island, combined forces to give their four-block shopping center a new exterior in colonial motif. The plan was sparked by Franklin Square's local Committee for Economic Development and backed financially where necessary by the Franklin Square National Bank. The "Franklin Square Facial"

first burst into print and even into television early in 1944.

Since then a growing number of other villages, towns and cities throughout the country have taken the face lifting road to what they confidently expect will be better post-war business futures. In addition to Rome, New York, one of whose business blocks is pictured herewith in "before" and "after" stages, many other communities have their new shopping center exteriors in various stages of discussion or actual planning. Among them: Camden, Maine; Akron, Springfield, Wilmington, Canton, Middletown, Ohio; Faribault, Le Sueur, Slayton, Minnesota; Everett, Washington; Sacramento, Calif; Glen Cove, Seneca Falls, Amsterdam, New York; Autauga, Alabama; Niles, Michigan; Kankakee, Illinois; Janesville, New Richmond, Wisconsin; Idaho Falls, Weiser, Caldwell, Idaho; and 20 towns in Utah on a joint basis.

Economics of Main Street Face Lifting

Is the idea a mere fad? Or are there sound business principles implicit in the cooperative modernization of entire blocks, or even the total business districts of communities? The issue can be answered only in terms of one specific community at a time. But there are some fundamental factors which apply generally.



both sides of Main Street, from Portland, Maine, to Portland, Oregon, a high percentage of the dry-goods stores, the groceries and the garages are even older. Main Street's public countenance is like an album in which tintypes of the grandparents outnumber the glass-bricked progeny of the current generation. And just to keep the record straight, many of Main Street's oldest emporia carry their age defiantly emblazoned on their false front foreheads—"Erected A.D. 1894." What such epitaphs publicly declare, in effect, is that here is commercial equipment built in the pony express era which is still functioning at a time when air mail leaves for Europe "every hour on the hour."

The general decadence is further underscored by contrast, if, every fifth building or so, there has been erected (or resurrected) a brightly painted or re-faced supermarket or short-order cafe. Thus the greatest single factor in favor of Main Street face lifting is the fact that Main Street is homely enough and out-of-date enough to *need it*.

But that is only the aesthetic side of the subject. More objective are the economic questions: How much will it cost to give Main Street a new face? And will it pay?



Most important among these is the recognized fact that America's commercial facilities, that is the "plant and structures" of our commercial economy, are in far worse condition than are our factories and our industrial facilities generally. This contrast has been made even more striking during the war when, of necessity, we have built new factories and improved tens of thousands of old ones, ranging in size down to the smallest "alley shop." But during this period we have been forced to halt all commercial building, and indeed to deprive non-manufacturing enterprise of even essential repair and maintenance materials. When it is recognized that this four-year war hiatus has occurred at the end of at least a decade of pre-war decadence in commercial building, we can begin to appreciate fully how obsolete our Main Street assets really are. With the single major exception of chain retail outlets, there has been little commercial building in this country for *nearly two decades*.



But even this fact is no true measure of the status quo. If the average retail store building were *only* 15 or 20 years old there would be no great pressure for a general modernization. The crux of the matter is that along

Those bellwether communities which have progressed past the enthusiasm stage to the \$ and ¢ stage report that it will cost about \$50 a front foot to modernize their store fronts if they do it on a cooperative basis. Total costs to the owner of the typical 10- to 20-foot store range from \$500 to \$1,000; and a \$1,500 investment will produce amazing transformations.

The answer to question two is that a 5 per cent profit on \$10,000 worth of new business will pay for a \$500 facial. Even a well-run peanut stand should be able to amortize such an investment before the new front itself goes out of date.

One small town bank, which is financing a series of new faces for local retail stores, figures that interest and amortization on a four-year basis will cost each borrower the price of "a couple of packs of cigarettes a day."

But there is still more to the case for cooperative modernization by a group of Main Street merchants than merely whether the project will pay off in increased sales—or even whether the individual merchant can cut the cost of re-facing his store by doing it jointly with his neighbor merchants. It can be argued that there are probably several ways that a Main Street merchant could spend \$500 or \$1,000 which would benefit his business more than a new store front. However, a debater

would have to rise early and search diligently if he had to take the negative of "Resolved, that modernizing the average store in a community shopping center is a sound economic investment."

It is only when we examine this face lifting idea from the point of view of the best interests of the *community* (including the best interests of the merchants involved) that its real significance as what might be called "post-war planning strategy" comes to light. Main Street face lifting is looked on in many quarters as a "stunt"—which it is. But it is only the naïve who dismiss it as such.

The pro-face lifters maintain that, properly administered, it is a stunt which will force a button-shoe merchant, who wouldn't patch his awning until it fell on a customer, to make his store front as modern as a zipper.

It is also a stunt which will bring all of the stores in a block up to the level of appearance not of the average but of the best, to the benefit of the merchants, their customers, and the community.

It is also a stunt which enables a group of small merchants to pool what might be individual plans for nickel-and-dime repair jobs into a construction program on which they can get expert advice and large scale low costs.

As concrete examples of this latter aspect of joint action Main Street face lifting, Franklin Square's

expert architect-engineer from the company attended a meeting of the local merchants whose stores were involved, and by means of a series of 36 slides, plus several additional drawings and some actual models of store fronts, was able to demonstrate remodeling techniques and to answer specific questions on window and door locations, awning devices, showcase layout, lighting methods, etc. Essentially this same type of cooperative assistance was extended by the company to the merchant planners of Franklin Square, Glen Cove and other communities which have progressed to the "let's see" stage. There are many such instances of industrial concerns which are taking an actual interest in this program.

The attitude of the several nationally-known companies participating on an advisory basis in such modernizing programs is neither that of high pressure salesmanship nor philanthropy. It's just sound business promotion.

This same attitude is reflected in the keen interest with which a number of financial organizations (similar to CIT in the automobile field) are watching such developments. Even some of the large structural material companies are investigating the dollars and cents dimensions of Main Street face lifting, with a view to establishing auxiliary financing organizations to help small mer-



"Erected A.D. 1894"

Main Street face lifting, typified by the "before" and "after" shots, above, of a commercial block in Rome, New York, is becoming one of the newest chapters in post-war planning. Whether it is a fad or practical fact, plans for face lifting Main Street are brewing in at least a hundred American towns and cities. Local commercial banks are right in the middle of the situation as is symbolized by The Farmers National Bank and Trust Company of Rome (fifth building from the left above), which also will face lift and will finance a large share of the entire project.

merchants received advice and assistance in drawing up their modernizing plans from experts furnished by these companies: Pittsburgh Plate Glass, Owens-Illinois Glass, Weyerhaeuser Lumber, Carrier, Wood Conversion, Timken Automatic Oil Burner, and a representative of local contractors and material suppliers.

Take one of several possible examples of such cooperation. The Pittsburgh Plate Glass Company worked in cooperation with two Rome, New York, architects to produce the photo-elevation drawings which are pictured with this article. Subsequently, an

chants put a new foot forward after the war. There's probably a proverb for local commercial bankers of the early-bird variety tangled up in these developments.

But of course face lifting is a stunt. Incidentally, however, it is not a stunt whose influence stops at the front door. It is a stunt to start stuck-in-the-mud merchants (and business men's associations) to start thinking boldly about *other ways* of improving their businesses. As C. William Green, a pioneer face lifter in the original Franklin Square program puts it: "There's not much use sewing a clean collar on a dirty shirt." In practice, this homely truism has been borne out by the fact that the typical merchant who remodels his store front, goes on from there to improve his store interior—including such things as counters and fixtures, store layout, lighting, stock handling methods—and he may end up, far from the new front door, with better storage facilities and plans for a new delivery truck at the back door.

And just as large companies have been willing to advise local groups with their construction problems, so have other non-merchants participated in helping local merchants modernize their interiors and to improve their business operations generally. In the case

(CONTINUED ON PAGE 104)



Professor Simeon E. Leland, chairman of the Chicago Federal Reserve Bank, says we should take time to pay



Can the National

BLISS ISELY

MR. ISELY, a Kansas writer, here serves as a reporter on a subject of national interest.

THERE is little likelihood that the national debt will be reduced substantially in the next generation, in the opinion of Dr. Simeon E. Leland, professor of government finance at the University of Chicago and chairman of the board of the Chicago Federal Reserve Bank. Dr. Leland, who on various occasions has been special adviser and consultant to the Secretary of the Treasury, the National Resources Planning Board, the Bureau of the Budget and other Federal and state bodies, makes these observations, which in substance he presented to the Chicago Association of Commerce:

"To pay off a debt of \$300 billion in 30 years would require an annual charge of about \$13.4 billion, the effective interest rate being 2 per cent. The annual cost of carrying a \$300 billion debt will require approximately \$6 billion for interest. When the choice is between taxes aggregating \$13.4 billion for debt retirement and \$6 billion for carrying the debt as it is, most people can be expected to prefer the lower tax bill, especially since post-war business revival has been largely predicated upon a reduction of taxation.

"Nor can it be safely assumed that the post-war debt will not exceed \$300 billion. The gross debt on May 1 was about \$235 billion and Japan still has to be defeated. How much that will cost and how long it will take are not known today. Likewise, the costs of the war in Europe have not ended with the capitulation of Germany.

"In World War I the public debt continued to mount for nine months following the cessation of hostilities. The peak of the debt for that war came on August 31, 1919 (\$26,597,000,000). The costs and liabilities incurred for the second defeat of Germany may be expected, on the basis of past experience, to run into the next fiscal year. Thus the debt which has been growing at the rate of about \$65 billion per year may be expected to continue to increase, but at a declining rate as we now wage a one-front war.

"And after the war there are the post-war expenditure programs to consider. It is doubtful if these activities,

particularly the public works programs, will be financed from tax revenues, especially if unemployment is impending. Should a depression intervene, then tax reduction as well as increased expenditures covered by new borrowing may be undertaken. The net result is that debt possibility.

"This means that debt management rather than debt reduction is the important problem before the Treasury in the coming years. The skillful handling of the public debt is imperative to the maintenance of our national credit. Interest must be paid faithfully as promised. Individuals who care to redeem bonds must be paid as the bond contracts have stipulated. At maturity, issues must be refunded, and if interest rates decline, conversions must be effected.

"These operations must be carried on as parts of a consistent fiscal policy—appropriate to the various phases of the economic cycle through which the nation will be passing. Wise debt management thus involves more than the payment of interest or the reduction of principal. It is more comprehensive and more important than either. Debt management is an important tool of fiscal and monetary policy available for use in shaping the national economy. Let us see that it is wisely used."

DR. LELAND has confidence that if we use debt management as the key to post-war economics, our national obligations can be floated indefinitely without danger.

"Just what should be done should be determined by economic conditions," he advises, "by prosperity or depression by inflation or deflation. Above all, continue to strengthen monetary and other anti-inflation controls against the time of need."

He does not propose to carry the debt forever, but would wait and watch for opportunities to reduce it. He would use debt reduction as a weapon to combat financial booms and inflation periods. In such times he would assess heavy taxes, turning the revenue produced to retire portions of the debt. If the inflations should threaten to be very great, he would tax more heavily, and if revenues became greater than sufficient to retire maturing obligations, he would have the Treasury purchase its own debt in the open market.

Taxation, Dr. Leland finds, will be the most effective means of combating inflation after the end of wartime controls releases personal spending.

The management of the debt, Dr. Leland advises, should be so flexible that the Government could act quickly to reverse the procedure, applying lowered taxation as depression and deflation come. Debt retirement, under such management, would be reserved for prosperous years.

Dr. Leland believes that the banks can purchase from the Government all the obligations for the refunding of bonds that may mature.

Debt Be Paid?

SHARPLY opposing any tolerance of a floating national debt, which he characterizes as a menace to healthful economy, W. B. Harrison, Wichita banker, advocates a start toward payment of our war obligations immediately after termination of hostilities.

Not only would he commence at once, he would pay in huge slices of \$10 billion a year with a view of liquidating the entire amount within about 30 years. More, he believes that payment of the war debt can be so managed that the people will be glad to share in its retirement, with the result that they will rise to a loftier patriotism.

Mr. Harrison is chairman of the Kansas Industrial Development Commission and has been president of Wichita's Union National Bank for the last 26 years. He says it is an old Wichita custom for individuals to pay their debts and that the banks of his city approve loans only to those borrowers, who, when they sign their notes, are able to present plans for repayment. Living in Kansas, which operates its state government on the pay-as-you-go system, he adheres to the belief that a government should be as businesslike as an individual. Congress, so he insists, should disregard proposals for indefinite refunding of war debts, and should get over its fear that the people will not want to be taxed for a good cause.

"If this generation does not feel like paying the obligations it has contracted, how much less will posterity feel like taking up the burden," he says. "We need the courage of our founding fathers, who, in a time of financial chaos, began liquidating the Revolutionary War debts, which they paid to the last dollar, thereby establishing American credit."

Mr. Harrison agrees with the economists who propose drastic reductions in individual income and corporation taxes. This, he holds, is essential if money is to become available for free enterprise to maintain a high level of employment after the war. For that reason he would not levy taxes upon industry and commerce to pay the war debts, but would reserve such revenues for current expenses and interest payments.

On the other hand, he finds no safety in maintaining a floating debt, which means the continuance of interest payments on \$300 billion, year after year indefinitely, especially when we have no reason for hope that the present low interest rates can be maintained.

To pay \$10 billion a year, he favors the most unpopular of all taxes—a general sales tax, covering every possible transaction. Admitting that such a tax is burdensome upon the poor, he is certain that it is much less heavy for them to bear than taxation on commerce and industry, which would bring unemployment and the danger of Federal make-work projects.

A sales tax, he believes, can be popularized through a campaign of education, carried on continuously through the 30 years of payment. He would employ the press, the radio, the motion pictures and other public information services used so effectively in stimulating



W. B. Harrison, Wichita banker, believes the debt should be paid within about 30 years. He favors a general sales tax, to be called Victory Tax



War Bond sales. To gain favor for the levy, he would call it a victory tax, stressing the fact that it is the price we will pay for victory over our enemies, who, had they won the war, would now be impressing their wills upon our every act, would dominate our social existence and would reduce us to serfdom. He would teach the people to recognize the truth that the payment into the treasury of a portion of everything they spend would be a small contribution for the privilege of spending the larger share of their income without interference from foreign dictators.

He would dramatize the extreme sacrifice already performed by hundreds of thousands who would be happy to pay this tax were it possible for them to return alive to the homes they love. No sales tax could be regarded as a burden in comparison with what these hundreds of thousands have given that we might remain free.

He would commence in the schools with the campaign of education, for children yet unborn will go all the way through school and be old enough to take important positions in society before the debt is liquidated 30 years after the war ends.

To gain approval, Mr. Harrison would have Congress write into the victory-tax law the provision that no part of it could be diverted to the payment of interest or to any purpose other than debt retirement. The annual reports on debt reductions would, thereupon, be read with interest by the people.

"Out of this campaign of education and debt elimination would come a benefit," said Mr. Harrison, "for it would impel greater interest in government. It shocks us to learn that in the Presidential elections of 1940 and 1944 more qualified voters remained away from the polls than voted for the winning candidate.

"It was indifference to the kind of government they had that led the German people, after they had won self rule, to vote for the destruction of their republic and the acceptance of Hitler and the direful consequences.

"I see no easy way to pay this debt. The money must be earned by brain work and backache. But if courageously managed, we can make it a blessing to ourselves and our country."

Car Insurance and Bank Loans

FREDERICK W. DOREMUS

MR. DOREMUS is vice-president of The American Insurance Company of Newark, New Jersey.

THE awakened interest of banks in the post-war possibilities of consumer credit, particularly in financing the purchase of automobiles direct with the borrower, is a significant trend in these days when all business is constructively planning for its share of the post-war buyer's dollar.

We read much about post-war prosperity being dependent upon the ability of our country's salesmen to distribute goods. Efficient bank management must help those salesmen market the products by making credit available to all worthy customers whether they be wholesale or retail borrowers.

The day has passed when the banker sits idly by, watching a potentially profitable volume of retail credit business flow across the street to companies specializing in this class. He is planning now for a substantial share of this post-war business through a study of the consumer credit market ably assisted by the Consumer Credit Division of the American Bankers Association and the comprehensive manuals they prepared for this business.

It is quite generally agreed that the largest potential volume of consumer credit business is in automobile financing. Many banks were engaged in this business on the indirect plan. Some bought commercial paper from finance companies at comparatively low discount while others sought contracts with automobile dealers at rates that were competitive with the finance companies.

However, the survey conducted among the membership of A. B. A. shows that 9,000 banks are now planning to make automobile loans direct to car buyers in the post-war period.

This presents an intriguing picture because the current backlog of potential automobile buyers has been estimated at 15,000,000 and thousands more will be added as the existing supply of used automobiles passes from the market. In fact, every one of the 32,500,000 motor vehicles licensed in 1941 is more than three years old right now, and that gigantic total really represents the market for most of the five-year period following the resumption of production for the civilian market.

With the banks' awakened interest in automobile financing direct with the borrower came an equal interest upon the part of insurance agents throughout the country.

At the annual meeting of National Association of Insurance Agents held at Milwaukee last Fall, the late Robert B. Umberger, then executive vice-president of Industrial National Bank of Chicago, explained his bank's direct automobile financing plan to the insurance agents. It showed the results that could be accomplished by cooperative effort between banks and insurance agents.

The agents were quick to realize that many of their excellent customers who had bought automobiles on the time payment plan, with financing and insurance sold as part of the "package" by the automobile dealer, were now the outright owners of those cars, having paid off



Although it will be some time before that new car is ready, the manufacturers are beginning to merchandise it

TRUE YESTERDAY
PLYMOUTH
BUILDS GREAT CARS

all this for you!



STEPPED UP
PLYMOUTH'S NEW 1942 PRESTIGE
has exactly new kind of driving. The Plymouth
fourth year's new design. 137 complete working speeds.
BUY WAR BONDS... TO KEEP THE PLYMOUTH

GENERAL MOTORS

BANKING



Above, a hand-made model of the 1946 Ford, the first passenger car produced by that company since February 1942

Right, R. J. Thomas, left, president of the United Auto Workers, and Henry J. Kaiser with a new magnesium auto wheel and casting. Kaiser has built an experimental lightweight auto that uses some magnesium



PRESS ASSOCIATION PHOTOS

the last instalment many months ago. Because civilian production had ceased, these customers of the insurance agent could not trade in the old automobile for a new one. The finance companies lost this good business and the insurance agent wrote policies for these wholly owned automobiles until new cars would again be available.

It became apparent to the insurance agents that they had a marvelous opportunity to join with local bankers who wanted to make direct loans to car buyers and thereby regain the insurance business that formerly flowed automatically to the insurance company selected and sometimes owned by the finance company.

Progressive insurance companies urged their country-wide agency forces to seek out local banks interested in consumer credit financing direct with borrower and offer their services to those banks in a cooperative effort to keep financing and insurance in the local community.

We are now witnessing the results of the combined activity of bankers, local agents and insurance companies. Joint meetings have been held in many cities throughout the country. Plans have been developed in Atlanta, Providence, St. Louis, Houston, Pittsburgh, Detroit, Rochester and many other places for promoting the direct financing of automobiles through local banks with insurance written by the agent or broker chosen by the borrower.

As this idea spreads to other communities it becomes apparent to salesminded bankers that they are acquiring a free selling force for their consumer credit operations. The insurance agent and brokers across the country know everyone who owns insured property. They have serviced those customers for years and in most instances have acquired a background knowledge of facts that is helpful in selecting good credit risks for direct bank loans.

Many of these customers place all their insurance with one agent. He insures the customer's dwelling, his

household goods and his business. He writes life insurance, accident and health insurance and protects against liabilities for injuries or damages to others, in addition to selling other needed classes of property insurance or indemnity coverage. The details incidental to handling these varied insurance transactions teach agents something about risks and likewise a bit about credits because they must collect the premiums from customers.

The well-trained insurance agent or broker has frequent contacts with many of his policyholders. He is the ideal salesman for local bank consumer credit services.

HOWEVER, the banker knows he cannot wholly depend upon this unpaid but well-trained salesman to do the entire job for him. The banker's share in this joint enterprise revolves around constant circularizing of depositors and other bank customers informing them about the direct loan facilities that are available. In many cases this also includes a well prepared and consistent advertising campaign in local newspapers telling the public about consumer credit available at the local bank.

For some banks it means a closer study of community credit needs with a review of bank methods to include simplification of credit and collection techniques. The broad field of consumer credit, of course, embraces personal loans, home appliance financing, home modernization loans, as well as automobile financing. **Airplane financing for private owners may also become an important factor in the not too distant future.**

Consumer credit opens up many avenues of direct contact with townspeople. It helps the bank to become the recognized "retailer of money" in the community. Those who have studied the possibilities of post-war consumer credit realize it is one of the greatest public relations jobs ever attempted by banking. Instead of

(CONTINUED ON PAGE 88)



How to Write Letters RIGHT



WILLIAM H. BUTTERFIELD

MR. BUTTERFIELD is chairman of the Department of Business Communication, University of Oklahoma.

To the average citizen, a bank is often a soulless, cold-blooded institution totally devoid of warmth and personality. Toward his favorite department store, restaurant, clothing establishment, grocery store, or tobacco shop he often feels a spirit of active goodwill, based in all probability on the fact that he receives personalized service and individual attention to his special preferences. But usually he regards his bank as an impersonal organization made up of calculating machines and human automatons, so busy maintaining institutional efficiency that it has no time for the human element.

Far too often the personal experience of the average bank patron has appeared to substantiate this unfortunate impression. Quite possibly he has never received from his bank any evidence of its interest in serving *him* to the full extent of its resources. In this case he naturally regards as symbolic of its personality

the stern granite edifice, the cold marble interior, or the austere steel doors of its vaults.

Occasional evidence of personal interest on the part of a bank will serve to counteract any tendency of its patrons to consider it a cold, unresponsive institution. More than that, an element of personal contact and helpful interest now and then will instill in many patrons an enthusiastic spirit of goodwill. The most convenient and most natural method is the *goodwill letter*—a public relations medium that combines the four advantages of being dignified, personal, direct, and economical.

The average bank has numerous opportunities to use goodwill letters most effectively. The following paragraphs outline and illustrate five types of letters that pay excellent dividends in terms of better public relations. Each is based upon circumstances that make the letter seem personal and altogether appropriate. In each case the reader's reaction would be cordial and appreciative, for every normal human being reacts favorably to an expression of courteous and thoughtful interest in *him*.

Letter of welcome to new patrons of bank:

Dear Mr. Godwin:

I was pleased to learn this morning that you have opened an account at the Exchange National Bank.

In extending to you my warm personal welcome, I wish to emphasize that all the service facilities of the bank are now at your disposal. We hope you will make full use of them, and that you will feel free to consult the officers of the bank whenever their counsel would be of value to you.

We sincerely appreciate your confidence as expressed in the opening of your account, and we shall do our utmost to make your association with us both pleasant and profitable to you.

Letters of appreciation to regular patrons of bank:

Dear Mr. Morris:

It was 10 years ago today that you opened your account at the Citizens National Bank.

So this seems an especially appropriate time to express our sincere appreciation of your patronage and confidence. Doing business with you has always been a pleasure, and we look forward to the continuance of this friendly relationship for many more years to come.

The other officers of the bank join me in this expression of gratitude and also in the earnest hope that you will always feel free to consult us about any matter in which our counsel may prove helpful.

* * *

Dear Mr. Steadman:

This is just a note, on the "first anniversary" of our pleasant association with you, to convey our thanks for your confidence as expressed through your use of our banking facilities.

We look forward to serving you for many years to come, and hope you will tell us of any way in which we can do so to your greater satisfaction.

Seasonal greetings and good wishes:

To bank depositors:

Dear Mr. Randall:

As the holiday season draws near, we pause to express to you our sincere wish that yours will be a Merry Christmas and a Happy and Prosperous New Year.

We hope that your association with the Security National Bank during the past year has been as pleasant to you as it has been to us. Your preference for this bank

(CONTINUED ON PAGE 101)

Bretton Woods Is Just One Chapter

W. RANDOLPH BURGESS, *president of the American Bankers Association, in an address to the American Institute of Banking Executive Council at Cleveland on June 5, discussed the Bretton Woods Plan, tracing its evolution from the economic and military experience of the two world wars up to acceptance of the amendments by the House. Mr. BURGESS sketched briefly international monetary and economic history from the end of the first war through the depression. His address follows.*

THE banker who looks abroad at this time finds it hard to avoid deep discouragement about Europe. Returning visitors tell us of the terrible destruction in the war-torn areas. Letters from our soldiers tell us of the sullenness of the German people, and of the almost complete absence of the germ of democracy. Political stability in the liberated nations seems far off. To restore Europe as a going concern is a herculean task.

To the banker it seems a good deal like walking in on a business which has failed after serious mismanagement. We know what has to be done. We have to find within the firm itself the competent, honest people who can be given responsibility. Then we have to start building slowly, piece by piece, "line upon line, precept upon precept."

Sound Currency a Need ONE of these underlying things that has to be done is to reestablish a sound currency in each country that the people may trust. Without that, food is hoarded by the farmer, and the whole flow of transportation and commerce is slowed down. There must also be some financial aid from outside in the case of many countries. It is toward these financial problems that the Bretton Woods plan is directed.

Not since the passage of the Federal Reserve Act has a more important piece of financial legislation come before the Congress than the Bretton Woods proposal. It involves a six billion dollar commitment by the United States. But, more important, it is both a symbol of international economic cooperation, and a powerful instrument for good or ill in the post-war economic world, depending on the wisdom with which its facilities are used.

Start of World Cooperation THE proposal for the establishment of an international bank or stabilization fund has its roots in the economic and monetary experience between the two world wars. Prior to World War I there had been little need for an international organization, for the place was in large degree filled by the Bank of England. The financial bookkeeping of the world was done in pounds sterling in London, under the watchful and experienced eye of the Bank of England.

But after World War I, with the rise of importance of the United States in world finance, the greater development of money markets in other centers, and the dislocation of accustomed mechanisms, international

Robert F.
Wagner
Chairman
Senate
Banking and
Currency
Committee



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financial cooperation became essential. Valuable and interesting beginnings were made first through the cooperation of central banks initiated by Governor Benjamin Strong of the Federal Reserve Bank of New York, and Governor Montagu C. Norman of the Bank of England. A series of central bank credits assisted the countries of Europe in their return to stable currencies.

Another step in cooperation was the establishment of the Bank for International Settlements following the Young Plan for German reparations in 1929. On the board of this bank there sat the heads of the principal central banks, and it became to a degree a central bank for central banks, a useful center for mutual consultation. It never had, however, a large capital and its remote location in Basle, Switzerland, its connection with German reparation payments, and the lack of participation of the United States tended to limit its scope.

Then came the great depression which drove the countries of the world back on their own resources and back within their own boundaries. When the storm struck, carefully laid programs of rehabilitation fell apart, and it became clear that many of them had been too optimistic and built on too shallow a foundation. Once again the old lesson thrust itself forward that the goodness of foreign credits depends not only on the economic and moral soundness of the debtor, but also on the balance of payments in foreign trade.

During the depression certain new ventures were attempted in international financial cooperation. While the London economic conference in 1933 proved abortive, a few years later a new beginning was made in the form of the Tripartite Agreement, a loose commitment but one that helped to maintain order in currency relationships.

Looking forward to the reconstruction following World War II it was inevitable and essential that a search should be made for methods of working together between nations in the field of finance, methods which might break down some of the barriers which had grown in the depression to towering heights, methods for get-

ting the world back on solid financial foundations. We are in debt to leadership in the United States Treasury and the British Treasury for facing this question early, for making definite proposals.



★
Brent Spence
Chairman
House
Banking and
Currency
Committee
★

In March, hearings were begun before the Banking and Currency Committee of the House of Representatives, and four bankers appeared to present the point of view of three banking associations—The American Bankers Association, the Association of Reserve City Bankers, and the Bankers Association for Foreign Trade.

Eye to Eye on Objectives THE bankers presented to the committee the substance of the report published on February first. They approved the objectives of the Bretton Woods plan. They approved the proposed International Bank in the belief that with competent management it could serve a useful purpose. American investment abroad is essential to rebuilding the war-torn world. While much can be done by private enterprise, in the present disturbed conditions some government aid is necessary, and an international institution which shares the responsibility among many countries has many advantages. Loans by the Bank are safeguarded by the requirement that loans shall be based upon an economic survey to determine that the loan is likely to be repaid, and that the funds cannot be secured from other channels. The Bank is to see that the funds are to be used for the purpose intended. The United States is to be given a veto power over any loans made in dollars. With this protection it seems likely that the Bank can be operated successfully if it is given good management.

Fund Weaknesses BOTH the report and the witnesses criticized the Monetary Fund for exactly the same weaknesses that were pointed out in the Association's 1943 report and the memorandum of June 1944 with respect to earlier drafts. The Fund appears to give its members a right to use its facilities under certain restrictions which are likely to prove inadequate to protect the Fund against abuse. The United States has no veto power over loans made

in dollars. Once we put our money in the pot it is disbursed by a board of directors in which we have a minority vote.

Under these circumstances, the witnesses stated the Fund is likely to be abused and its resources frozen or dissipated. The problem is not alone one of loss of money, but there is serious risk that making money available in this loose fashion might, in fact, delay the economic readjustments which are necessary before lasting progress can be made in a number of countries. Moreover, the unwise use of money in the immediate post-war period when goods will be scarce and purchasing power very large would be a powerful inflationary force. We would run the risk of just such an inflation after this war as occurred after World War I.

In order to meet this situation and avoid these dangers the bankers suggested to the House committee that the Fund and the Bank should be combined in one institution, and that all loans should be made under the same conditions as those laid down for the International Bank—that is, under adequate safeguards.

Recommendations THEY recommended that the Bank should have a department for currency stabilization, to formulate rules and promote mutual consultation. They criticized the stabilization rules of the Fund as likely to encourage currency devaluation and continuance of exchange controls, an almost inevitable weakness of any attempt to lay down comprehensive rules of the game at the present time.

The bankers made a number of more detailed suggestions, including the proposal that a monetary council should be set up in the United States Government to coordinate and supervise all foreign lending activities. They also pointed out as vigorously as possible that post-war economic recovery rests in large measure on the integrity of the American dollar, and that this integrity could be assured only by sound budgetary policy in the United States and particularly by keeping our expenditures within bounds.

Substantial Agreement THE position taken by the bankers associations mentioned above before the committee was supported in general by the United States Chamber of Commerce, by the National Grange, by a careful report by the New York State Bankers Association, and by a number of independent economists. The Committee on Economic Development agreed with the bankers association in its criticism of the Fund, but proposed a less thoroughgoing solution of the problem. [See page 110 for more on the CED testimony.—Ed.] On the other hand a great many organizations, including labor organizations, women's organizations, etc., appeared before the committee to advocate adoption of the legislation just as it was proposed, without any change.

The hearings before the committee were good illustrations of the workings of democracy. All witnesses were given a courteous and attentive hearing. The committee attendance was exceptionally large. The members of the committee gave evidence of careful study of the problem and its open-minded consideration. After the

(CONTINUED ON PAGE 107)

THE VIEW FROM HERE

SINCE it is no longer easy to obtain either national or state banking charters, some authorities are worried about many signs pointing to large scale acquisition of bank stocks by outsiders on theory of either obtaining control or participating in what they think are "lush" earnings.

★ ★

Old French banknotes in denomination of 50, 100, 500, 1,000 and 5,000 francs, and some bonds, in possession of persons, businesses and banks in the United States, became void June 24. They had been exchangeable for new issues.

★ ★

The Savings Bank Life Insurance System in New York State has now passed the \$50,000,000 mark of "insurance in force," according to Henry W. Proffitt, chairman of the Savings Banks Life Insurance Fund.

★ ★

The Soviet Union is reported asking Washington for post-war credits of \$12 billion, instead of the \$6 billion indicated previously. Russian spokesmen said "trade with this country will be limited only by the extent of American credit"—obviously.

★ ★

Following explanation of its proposal in Washington the Investment Bankers Association of America has now suggested that Congress enact legislation creating the I.B.A.-sponsored local investment companies to provide small business capital.

★ ★

J. Howard Pew, Sun Oil Company president, warned that the business political and economic structure of the U. S. may be changed radically by a multitude of pending international treaties and agreements, growing out of an apparent trend "to compromise with economic collectivism."

★ ★

Upward revision of the Canadian dollar rate to a discount of say 5 per cent or even par with the U. S. dollar seems in the offing. Indirect lowering of sterling would benefit British exports.

★ ★

At "peak" date insured commercial banks' bond holdings will be \$129 billion, or 65 per cent of their deposits, according to a brochure "projection" by P. R. Easterday, chairman of First National Bank of Lincoln, Nebraska.

★ ★

Industrialization of China is seen as the key to future safety of the Orient, but it will take time, Howard Coonley told the China-America Council of Commerce and Industry after his recent return from the Far East.

★ ★

The National Association of Manufacturers has urged an income tax cut of 10 per cent in 1946 together with nuisance levy repeal.

A school for business men in contract termination is being held weekly in the board room of First National Bank of Boston. Each Friday about 25 companies are invited by a joint Army-Navy committee. Similar schools are being held in other centers throughout the country.

★ ★

The Investment Bankers Association cooperating with Association of Stock Exchange Firms and others, is planning to set up industry-wide job clearing centers for returning veterans to steer them into proper jobs, to assure new competent blood and provide educational facilities to fill the gap of war service years.

★ ★

Leading finance companies are now making arrangements for more consumer goods sooner than generally expected.

★ ★

Touring Chungking railroad officials said China will construct 20,000 miles of track within a decade, needing hundreds of cars, locomotives and equipment from U. S. manufacturers.

★ ★

More than 10 per cent of the names on the "proclaimed list of certain blocked nationals" have been deleted since the high of about 10,000 reached at the end of 1943. With full occupation of European Axis countries further reductions are expected.

★ ★

The Eighth War Loan is expected in early Fall rather than later owing to continued high Treasury expenditures.

"Production must be kept up because when a bomb can do the work let us not spend an American life for it"—General Eisenhower, in an address at New York



PRESS ASSOCIATION

Consumer Credit after the War

JOHN B. PADDI



A vice-president of the Manufacturers Trust Company, New York City, Mr. PADDI heads that institution's personal loan department.

PREDICTIONS reflecting individual opinion on the state of affairs after Japan is defeated are likely to be tempered by wishful thinking because for years we have been anxiously looking forward to happier days. However, if we scrutinize our personal loan experience we find several outstanding factors which are purely fundamental and thus serve as a reliable guide and basis to project the probable trend and conditions.

One sound approach to a comprehensive appraisal of post-war potentialities is through an analysis of peacetime market and demand. A test check of purposes listed in our bank showed that 30 per cent of personal loans were made to consolidate old debts or meet new obligations such as income taxes; 25 per cent were for hospital, medical, dental or funeral expenses; 20 per cent for small business requirements; and 5 per cent each for home furnishings, clothing, education, aid to relatives, property interest and taxes. Surely these are universal needs and will recur from time to time consistent with the flux in earning power and desires. But to be realistic we cannot belittle the fact that after the war government credit restrictions may continue; income taxes will be withheld; hospital and health insurance plans will be broadened; and new forms of merchandise and service credit plans will be available. Then, too, besides the billions of currency in circulation, more people have more savings and War Bonds than ever before, and may use them to avoid the expense of borrowing.

Without attempting to minimize the possible effect of these new circumstances, let me advance a few important reasons underlying our high expectations for expansion beyond previous limits. First and foremost is the enormous demand that will definitely arise out of

the needs of war veterans. Eventually, between 12 million and 15 million men and women will be demobilized. According to a dependency benefit report only about 2½ million are married and already have about 1,800 thousand children. If the history of the last war is any criterion, there will be a record number of marriages in the early years after this war.

Their average age is now 28, which is significant, for our largest pre-war percentage group of borrowers in number was between the ages of 21 and 38. It will be only natural for men who have been denied the comforts of home so long to return with intensified ambitions for the better things of life with minimum delay. They will have little or no reserve to start housekeeping, and when they settle down to domestic life their needs will multiply.

Secondly, in our civilian population there are millions of salaried people who have not shared proportionately in the expanded national income and have been caught in a squeeze between salary ceilings and rising taxes and living costs. Their aspirations for a higher standard of living have also been suppressed, and when it is again fashionable to "keep up with the Joneses" we can expect them to revert to custom and seek lump funds from time to time for the usual emergencies and opportunities.

Thirdly, most of those who have benefited financially will want to retain their new wealth for the inevitable "rainy day," for it is axiomatic that when savings are accumulated the hard way they are not easily dissipated. Large withdrawals are not always easy to replace, and employees will give serious consideration to a loan facility which will help keep savings intact. We have developed thousands of passbook loans by urging depositors in need of cash to use their credit for present needs and arrange for repayment out of savings from future income over a period of time. The same psychology and results should prevail when War Bonds are offered for redemption; and besides there is a strong profit incentive which may be fully realized only by holding bonds to maturity.

Another prospect for increased business is that more

SMALL LOAN BREAKDOWN . . .

Skilled, 39%



Non-manual, 21%



Proprietors, 12%



Teachers, 3%



wage earners will be brought into qualifying range for credit at banking rates, because after what we hope will be a relatively short transition period of reconversion there will be greater stability of employment. Our leading coordinators agree that full employment and high wage levels must be planned so as to prevent booms and depressions, and the whole trend is towards "assured and regular income from a reliable source," which is a prime requisite of bank personal loan credit.

What this means to us in additional business possibilities is best illustrated in a breakdown of the occupations of borrowers, compiled before Pearl Harbor. During the years of our peak activity 30 per cent of our loans were made to salaried employees; 20 per cent to business men; 12 per cent to salesmen, 6 per cent to Federal, state and city employees, 6 per cent to professional people; 10 per cent miscellaneous; and only 16 per cent to wage earners.

Another bright spot on the horizon is the growing recognition by the borrowing public of the distinct advantage of applying at a bank first. It is well known that many people are attracted by the persistent and persuasive publicity of other loan facilities, and frequently fail to obtain the credit adapted to their needs as cheaply as their standing entitles them. The very people who need to economize on cost most are those already in debt or about to incur a debt. Yet, according to statistics, a large percentage pay much more than is necessary for a loan, although the classification of small loan borrowers shows that many could qualify at banking rates and generally on the same basis.

A RECENT survey report prepared by small loan companies in New York State showed that 39 per cent of these loans were made to skilled and semi-skilled workers; 21 per cent to office and other non-manual workers; 12 per cent to business proprietors; 9 per cent to managers, superintendents and foremen; 6 per cent to sales people; 5 per cent to unskilled workers; 3 per cent to school teachers; 3 per cent to professional people; and 2 per cent to those with independent incomes. They borrowed on the following basis: 48 per cent on chattel mortgages on household goods; 36 per cent on unsecured notes; 6 per cent on automobiles; 5 per cent on co-maker notes; 3 per cent on other chattels; and 2 per cent on wage assignments. Loans averaged \$163, and as much as 53 per cent was made in amounts between \$200 and \$300.

In assuming a proper community responsibility we still have quite a job on our hands to convince every segment of the public that the banker considers it a

privilege to help solve individual and family financial problems. After all, it was not so long ago that banks in general were not prepared to extend this service, and during all those years loan companies not only took care of the little fellows but did it in a way that made them feel important by friendly greetings in private interviewing rooms and flattering them with quick service. Consequently, many people are still somewhat hesitant about walking into our marble halls to ask a small favor lest they be treated with condescension.

With sympathetic understanding of borrowing psychology, loan companies feature confidential service with no embarrassing questions asked, and represent that no inquiries are made from friends, relatives or employers. Many people insist on this kind of treatment, and reject any procedure that might pry too far into private life and business relations. This explains why they are willing to pay even three times more for a loan, as they feel they cannot afford to risk any disclosure which might jeopardize a valuable and sometimes only asset—a good job. This reaction is due in part to the rather common attitude of those employers who frown on borrowings because in their estimation an employee in debt may be worried and inefficient, and may be susceptible to temptation.

ASIDE from its tremendous social significance, this is a great field for bankers to explore and a problem which is well within their means of solving to their own benefit. Our task is to educate such employers that there is no stigma attached to borrowing money, and that whether they like it or not some employees will sooner or later require a loan, which they will obtain confidentially from a loan company at a higher rate if deterred from dealing with a bank at a lower rate. More aggressive publicity and direct solicitation are essential to convince prospective borrowers that when they apply to a bank their preferences will be respected, and if they need a loan they will receive a cordial welcome and the utmost consideration regardless of the amount.

One more reason for volume recovery and growth is the probability that Regulation W will be relaxed as to exemptions and terms on cash loans immediately after the war. Ordinarily personal loans are not made to buy durable goods, and do not add to the pent-up purchasing power which may need to be held in leash until productive capacity is fully geared to supply the demand.

Naturally an outlook with such favorable aspects attracts wide attention, and it is not surprising that many additional commercial banks have decided to offer this

(CONTINUED ON PAGE 113)

Foremen, etc., 9%



Sales, 6%



Unskilled, 5%



Professionals, 3%



Independent, 2%



This Small Bank Uses Radio

BROWNE SAMPSELL

The author writes radio commercials for The Shenandoah Valley National Bank of Winchester, Virginia.

TO BE effective radio advertising needs two things: a program with general appeal, and well-written, frequently changed short commercials with human interest appeal.

The first step in the preparation of your commercial is to see clearly in your mind's eye John and Jane and the little Does grouped around the family radio. Then write as you would talk to them. You use on the air words that sound well, words that are pleasing, gracious and cordial; words the average person can readily understand. You avoid complicated statements or terms that only a banker would understand. You are careful that your language does not offend.

For instance, people generally resent being classified; whether rich or poor they do not like their financial status emphasized. Consequently we don't label our services: "Small accounts welcome," "Small loans made," "Small estates handled." Rather we try to make it plain that our facilities are for everybody.

Neither is it well to write too much about your bank's size, strength, super-directorate and perfect management. You don't like boasting in an individual, do you? Well, John Doe doesn't care for it in an institution. He prefers you to tell him in a pleasant, informal way just how essential and how helpful sound banking can be in his everyday living.

ON our 79th anniversary we did not use our radio time to shout about our marvelous growth. Instead we told the listeners that with very real appreciation of public esteem and patronage, the bank had that day rededicated itself to carrying on the high traditions of sound banking and the rendering of the best possible service at all times. The closing line read: "The ——— bank exists to serve you; you are invited to use its service, beginning tomorrow."

At its best, a radio commercial has in it something of the spirit of a neighbor who invites other neighbors in to share a well-prepared meal. And one thing a good neighbor would not do is to serve stale food. You can use a good commercial over and over again, provided you allow sufficient time between its appearances. We never use the same script more than two days in succession. A hostess dresses up for her guests, so dress up your selling points, color them, arouse people's interest.

We use a checking account script which features a man buying many things at a sale. When the time to settle arrives he remarks: "Well, I didn't bring any money with me, and I didn't leave any at home." And while the crowd wonders what will happen out comes his checkbook. This incident actually happened.

Life itself is a never failing source of material for human interest scripts. For instance: I overheard a

young woman in a beauty shop telling how our special checking account service had acted as a control on her careless spending. I worked her experience into a checking account script.

You may tell John Doe repeatedly, but without much effect, that a checking account is a money-saver. But if you can give specific instances of how check records saved someone from paying too much income tax, or how photographic records saved a person who had lost a canceled check from paying a bill twice, you will be starting John on the road to an account.

Asking questions is an effective approach. "Would you like to know how to make your gas stamps go further?" begins a banking-by-mail script.

FOR safe deposit service we tell the listener that when he rents a safe deposit box he is using not ounces but tons of prevention. Then we tell how many tons of steel actually protect his valuables.

Another attention-arresting script begins: "What does a locked drawer say to a burglar? 'Quick, your jimmy. Here are valuables.' What a modern bank vault says is quite different: 'No use, burglar. Your jimmy can't open this.'"

To stimulate the practice of saving we use messages like this: "Money in your pocket whines incessantly, 'Spend me! Scatter me around, no matter where.' Money in the savings banks declares: 'I am something substantial to show for the work of your hands and brains. In future days I'll do worthwhile, out-of-the-ordinary things for you.'"

Preceding a loan commercial the announcer may say: "A loan officer from the . . . bank has this to say about making loans." Then the officer reads: "Getting a bank loan isn't the ordeal generally believed," and he goes on to explain why.

We give variety to our radio advertising by special scripts on Washington's birthday, Armistice day, etc. On Sundays we use only institutional commercials.

That radio advertising reaches more people and sells more of the bank's services than any other advertising medium; we know from several years' experience. Particularly productive it is in the opening of checking accounts, rental of safe deposit boxes, in the sale of bank money orders, etc.

How can we doubt its effectiveness when we receive a letter from a patient in a sanatorium in a nearby state, asking to open one of our no-minimum-balance checking accounts; or when a man applies for a loan stating, "I have always borrowed from small loan companies, but you said on the radio that it is best to borrow from a bank, so I came here." Also the many who came in to rent "one of those boxes you tell about on the radio" and the new radio announcer who said that reading our commercials sold him on the idea of opening one of our special checking accounts.



The Yellow Treasury Checks

MYRON STEARNS

MR. H—, president of one of the largest banks in Oklahoma, took the official-looking yellow check the Secret Service agent handed him, and examined it carefully. It was headed: Treasury Department Draft, Disabled Veterans Bureau. It was drawn payable to the order of Wendall T—, First National Bank, El Centro. Printed in the lower left-hand corner were the words: "To U.S. Treasury, Washington, D.C., or any bank or United States Post Office." It carried a rubber-stamped signature, "H. M. Byrd," and typed under the signature: "Captain 14th Infantry."

"Yes," Mr. H. said at last, a little doubtfully, "I see that we cleared it. Something wrong with it?"

"Several things," Frazier, the Secret Service agent, thoroughly familiar with government checks, found it hard not to be severe. "In the first place, no government checks are yellow. They are all printed on green stock. They are drawn on the Treasurer of the United States—not the Treasury. A triangular over-print appears on the face of all genuine government checks; this draft has none. Besides all that, government checks each bear the Treasury Department seal, which is lacking here."

With every point that was added, Mr. H.'s expression grew more distressed.

"Then what is this?" He touched distastefully the draft that had looked all right—or almost all right—to him a few moments before.

"It's just a piece of yellow paper with a lot of meaningless words printed on it," Frazier was emphatic. "It's merely something dreamed up out of somebody's head. All you can say for it is that it looks official. For anybody who doesn't know what a real government check looks like, or who doesn't stop to remember or check up, it might seem to be some unfamiliar form of government paper. That's all. But your bank passed it, and an Exville bank passed it, and before that some deluded storekeeper paid out perfectly good money or merchandise for it. Nobody even questioned it until it reached a Federal Reserve bank, where it was spotted as worthless, and sent to us for investigation."

That conversation took place late in December 1944. The Secret Service lost no time in contacting grocery stores, jewelry stores, and 5-and-10 chain stores, where the yellow checks had been presented and obligingly cashed by store owners who should obviously have been more careful. Descriptions of the passer agreed: he was a man of slightly more than medium height, in his middle 30's, slender, with a weight of around 150 pounds. His dark brown hair was combed straight back from his forehead. He seemed nervous, and rather sickly. He wore khaki work clothes and a heavy silver identification bracelet. His story was that he himself

was a disabled Pacific veteran, wounded on Guadalcanal, and that this was his father's relief check. But none of the store people knew the man, where he lived, where he came from, or where he had gone.

The yellow paper on which the fraudulent checks were printed was analyzed in Washington. Then its particular type was determined and the manufacturer was contacted to learn just where it had been sold. After this a laborious investigation of one after another of all the printers who had been supplied with the yellow paper was begun. It was not until February that a Secret Service agent, walking through the Oklahoma plant of a legitimate printing concern that bought a supply of the yellow paper for a special job, happened to notice one of the employees working there who fitted the description of the fake check passer.

Without seeming to notice him or arouse his suspicion in any way, the agent promptly got his name and address from the head of the establishment. The man was living at a local hotel, with his wife.

In the rented rooms, entered with the connivance of the hotel proprietor when the occupants were out, was a portable radio. The Secret Service man noted at once that it was like one that had been purchased with a "Disabled Veterans Bureau" check the month before from a radio store in the same city. They called the owner of the store; his description of the second-hand set for which he had taken a worthless check (and incidentally paid out an additional \$17 in change) tallied with the one in the hotel room.

So we made the arrest," Frazier, the Secret Service man who had first contacted Mr. H., dropped in to give him the end of the story. "The guy made no bones about admitting his forgery. In fact, like most criminals, he was rather proud of it. He's an old-time offender.

"He had five of the yellow checks in his pockets, and we found 75 more in his room. With the big man-shortage he had no trouble getting a part-time job in the printshop where we found him. He set up and printed a bunch of those 'Disabled Veterans Bureau' checks when he was alone in the shop during the lunch hour.

"You know how check passers are. They have to be confidence-men, in a way. They usually have little trouble in making storekeepers trust 'em as long as the checks look official."

"I can understand that," the banker commented. "But then we cleared the check."

"Your bank, and all the rest," Frazier agreed. "Until the warning notices went out, not a single one of those checks was caught until they reached the Federal Reserve. It seems incredible—but it's true."

"What He Did With Every Cent"

CPL. ARTHUR P. SCHULZE

CORPORAL SCHULZE is attached to the Public Relations Office at Camp Lee.

"Never ask of money spent
Where the spender thinks it went,
Nobody was ever meant
To remember or invent
What he did with every cent."

—ROBERT FROST, *The Hardship of Accounting*

THE "brass hats" in the financial end of the Army, many of whom are former bankers, simply cannot see it in that light.

To illustrate how the finance office of an Army camp functions, take a typical example—Camp Lee, Virginia, home of the nation's largest Quartermaster Corps. Since its establishment in early 1941, the finance office there has maintained a record as one of the post's busiest sections. Inasmuch as Camp Lee has the Army Service Forces Training Center and the Quartermaster School, thousands of men are constantly being shipped in and out. Before leaving for other camps, all their financial records must be complete.

To accomplish its diverse tasks in an orderly, efficient manner, the fiscal division, under the supervision of the director, is subdivided into four distinct branches: Budget and accounts, receipts and disbursements, audit and examinations, and special financial services. All are directly responsible to the fiscal director.

In a nutshell, the first controls the money, the second handles it, the third checks and doublechecks to make certain that allocated funds are expended properly, and the fourth, as its name implies, performs certain special financial services. The office is manned by a streamlined staff comprising four officers, 24 enlisted men and 35 civilian employees, most of whom have had either banking, accounting or related training and experience to varying degree.

The camp engineer, Army Service Forces regional hospital, camp quartermaster, Army Service Forces training center, Quartermaster School, Signal Corps office, Ordnance office and other organizations of the installation prepare individual budgets quarterly and submit them to the fiscal division which, after checking

Lt. Col. William R. Tabler, Camp Lee fiscal director, and formerly cashier of the Centreville (Md.) National Bank



and approval, passes them along in turn to Third Service Command Headquarters or to the War Department. Upon the receipt of these funds, the fiscal division has the additional duty of checking purchases.

The camp fiscal director has a wide variety of policy-forming and administrative tasks to perform and is assisted by a disbursing officer, a deputy disbursing officer, an auditor, chief clerk, and an administrative clerk. All monies necessary for payment of troops and operation of the cantonment are personally charged to the disbursing officer, who is also assistant fiscal director.

Prompt payment of troops is a No. 1 priority assignment because, as is readily understandable, a soldier's morale is considerably higher when his pockets are lined with Uncle Sam's greenbacks. The average serviceman's net pay may seem small, but paycall on the first day of each month—"when the eagle screams," as the boys say—is the most important formation of the month to them. In a station where transfers and movements in and out occur, the task of "keeping 'em paid" presents problems and difficulties far more complex than those in a stabilized combat division.

The office has been directed to make every effort to issue money before any shipment of men leaves camp to take up another assignment elsewhere. Fiscal division personnel have been instilled with the spirit of "we serve, too," so that everything possible in keeping with good banking procedure and sound fiscal policy is done to speed the transaction of business.

Broken down into specific detail, the fiscal director's

(CONTINUED ON PAGE 116)

Cpl. James M. Cooke, left, below, of Receipts and Disbursements Branch, formerly vice-president, Clinton (N. Y.) Trust Co.

WAR DEPARTMENT, PHOTOS



Sgt. John Zirkel, left forefront, of Travel and Miscellaneous Pay Section, formerly with Federal Reserve Bank, Baltimore



Screening Black Market Money

HERBERT BRATTER

THE Treasury has assigned another and novel job to the nation's banks: the task of reporting on unusual currency transactions. It involves new problems of extra work, discretion and constant vigilance. The reasons for the assignment are not far to seek. Tax dodgers and black market operators have been salting away their illegal income in the form of bills of large denomination, a practice which the Treasury is all too often helpless to trace.

Secretary Morgenthau's S.O.S. to the banks, after informal inquiries, took the form of an explicit order to all banks to report any unusual currency transactions. The instructions, issued pursuant to the Trading with the Enemy Act and other authority, provide:

(1) Commencing with June 1945 transactions, every financial institution shall file monthly Form-TCR-1 reports concerning each deposit or withdrawal of U. S. currency in amounts or denominations that appear incommensurate with legitimate and customary transactions.

(2) TCR-1 forms must be filed in duplicate with the Federal Reserve bank by the 15th of the month following the transaction.

(3) No financial institution may effect any transaction with respect to which a report is required, unless the person or organization concerned has been identified.

(4) Transactions covered include exchange of currency. Affected by the order are all commercial, savings, private and investment banks, trust companies, currency exchanges, etc.

ANY transaction involving \$1,000 or more in denominations of \$50 or larger, or \$10,000 in any denominations, should be questioned, unless normal in the case of the customer concerned.

The background of the order was disclosed by Secretary Morgenthau in the course of several press conferences. The Secretary was asked whether he had not already been receiving the voluntary cooperation of the nation's banks, prior to the issuance of the May 21 order. He replied that in some districts the banks had been cooperating, but in others not; that some of the latter banks wanted a specific Treasury order before they would agree to report to the Government unusual currency transactions of their customers.

The specific authority of the Treasury for its order is Title III of the First War Powers Act of 1941, which amended and reenacted the Trading-with-the-Enemy Act of 1917. The Secretary of the Treasury had all the necessary powers delegated to him by the President in 1942. Secretary Morgenthau explained to the press that he had tried to get along without issuing an order, but some of the banks felt that the relationship between themselves and their depositors was such that they did not want to cooperate without an official instruction.

Asked whether the Treasury was going to give the banks any indication of how they should define the term "unusual," the Secretary said he would leave that to the discretion of the banks, which after all "know what we are after." He added that if a business man withdraws \$10,000 for payroll, or any ordinary transaction, the Treasury is not interested, but that it is interested in something which smacks of the illegal.

If the banks see something coming along that looks unusual, the Treasury wants them to cooperate. After all, said the Secretary, the Treasury regards itself as servant of the Government and of the people and wants everybody to help. He said we are back where we were in the bootleg days: we have got to have people respect the law and must use every legal means at our disposal. If we need any additional authority, we are going to ask Congress for it.

THE Secretary, asked for a rough idea of how much he thinks there is to be obtained by the Treasury out of this black market tax-evasion program, answered: At least a billion dollars.

The press was informed that the penalty under the War Powers Act for failure to comply with the order could be a fine or imprisonment; in other words, a maximum fine of \$10,000 or a 10 year prison sentence.

The Treasury now has 10,000 leads—cases which it suspects of being income tax evasion cases. Of these, 1,400 are listed as currency cases, which means that the use of currency, generally in large denominations, is the outstanding feature of the case. Many of the others are notably black market operations, such as liquor, meat, and furs, where currency plays a prominent part. Treasury special agents are now in charge of 2,000 of these cases, in which fraud is an element, and of these nearly 400 are currency cases.

In a letter sent to all banks on June 11 Secretary Morgenthau advised that steps were being taken to eliminate from Form TCR-1 one requirement that might be considered burdensome, that of reporting the reasons for believing a particular transaction is unusual. He said that the reporting of a transaction in no sense implies prejudgment by the bank of revenue violations.

In the letter the Secretary expressed to the nation's banks the Treasury's appreciation for the "fine spirit of cooperation and the attitude of understanding" with which the Department's recent order requiring the reporting of unusual transactions in currency has been made effective.

Mr. Morgenthau expressed the hope that each banker would regard the new instructions as being his protection in the performance of his patriotic duty to assist his Government.

WASHINGTON

Full Employment

SINCE employment promises to be this country's biggest domestic problem after the post-war transition period, the "full employment bill" (S.380) is worth watching. That measure, it will be recalled, requires the President to submit along with the regular annual budget a national production and employment budget, specifying the part to be provided by Federal spending.

Director of War Mobilization and Reconversion Fred M. Vinson and Secretary of Commerce Henry A. Wallace have endorsed the bill in principle. Judge Vinson cites history as showing "that business, labor and agriculture cannot in themselves assure the maintenance of high levels of production and employment. The Government . . . must assume this responsibility and take measures broad enough to meet the issues."

Not only is private enterprise challenged by this bill to provide full employment; it is also being challenged by a growing demand from organized labor that it guarantee workers an annual wage. Should that principle obtain general recognition, capital for new business ventures may become more hesitant than otherwise.

Secretary Wallace, in supporting the bill, emphasizes that full employment in the post-war period is just as necessary for business and industry as for labor. He states that the full employment bill raises only two fundamental issues: (1) Whether the Government is going to assume responsibility for maintaining full employment; (2) whether the financial resources of the nation are going to be mobilized when needed for maintaining full use of our economic powers.

Small Business Loans

The House Small Business Committee held a series of hearings on the financial problems of small business, receiving testimony from Emil Schram of the New York Stock Exchange, Maury Maverick of SWPC, Secretary of Commerce Henry A. Wallace, Federal Loan Administrator John W. Snyder, Marriner S. Eccles, the Investment Bankers Association, and the American Bankers Association.

Mr. Schram made two suggestions: (1) Tax relief; and (2) organization of local lending companies using local capital, supplemented by bank loans in cooperation with the Government, or by the Government alone, where the local bank is unwilling to make the loan.

Mr. Maverick found the committee unsympathetic to his assertion that "little business must have a loan insurance system like the FHA if there is to be prosperity." He testified that the banks are always unprogressive, because they "don't want to lose money," and stated that the SWPC has the necessary "know-how." Committee members questioned Mr. Maverick on these statements, evidencing skepticism.

Secretary Wallace in reply to a question about bank lending stated:



President Truman confers with Joseph E. Davies, left, his emissary to London; Admiral Leahy, presidential chief of staff; and Harry Hopkins, who made a special trip to Moscow in the interests of Russo-American relations

"I doubt if the banks will ever get back into character banking, in the way in which they engaged in that type of risk-taking prior to 1914. . . . The experiences that they went through in certain of the depressions, the regulations which have been set up under law governing banking, have been of such a nature as to result in banks largely going out of that type of investment. . . . The local financial people who, because they know the character of the local business men they live with, day by day, are best fitted to take the risk, and some mechanism should be worked out that would enable local financial people who know the local business man to take that risk."

[Testimony of American Bankers Association representatives is reported on pages 29 and 30.—Ed.]

SWPC's New Loan Policy

The SWPC announced that hundreds of small manufacturers, making thousands of essential civilian products, would now be able to obtain loans from it under new policies adopted by the corporation. SWPC has provided that:

(1.) Regional loan agents may make loans for war or "essential civilian production" up to \$50,000 without awaiting Washington approval; and may make loans up to \$100,000, where banks participate for 20 per cent.

(2.) All products on the "relative essentiality list" of the WPB Office of Civilian Requirements will be considered as "essential civilian production," and manufacturers of these products will be eligible for SWPC loans.

Products not under the jurisdiction of the Office of Civilian Requirements but on WPB's national production urgency list also will be considered essential, and SWPC loans may be made for their production.

HERBERT BRATTER

Building for the Future

Controls Relax

FIRST steps toward the relaxation of controls over the construction industry have been taken by the War Production Board.

The chief changes made by amended Order L-41 are the raising of the annual dollar limits on various types of construction that may be undertaken without WPB authorization, and expansion of other exemptions from the provisions of the order. These exemptions permit certain types of construction jobs without WPB authority and without regard to annual cost limits.

"Unfortunately," said a statement, "lumber and many other construction materials are expected to remain in short supply for some time, and manpower is not yet available in many areas. These factors, and the necessity of maintaining war production, make it impossible to remove all construction controls now.

"Controls will be relaxed just as soon as resources become available, but relaxation will have to be gradual. Some general controls over construction must be retained to assure completion of essential projects and to prevent the drain of resources from war production and essential production to less essential projects."

Watch Costs!

A DEFINITE danger, in the opinion of T. S. Holden, president, F. W. Dodge Corporation, is that a too rapid rise in construction costs may lead to serious difficulties.

"Even though price controls continue," he said, "there is a possibility that compliance will be more difficult to secure than it was before V-E Day. It will be very unfortunate if a black market in construction materials should develop."

A saving factor is the "nationwide price consciousness of business men, labor union officials and the buying public." But the inflation dangers of the next several

years, Mr. Holden thought, would require the exercise of the "utmost wisdom and self-control" in material and equipment producers and suppliers and labor in the pricing of goods and services. "Contractors will need the utmost ingenuity in making sound bids in a confused price era."

Because of bottlenecks in the preparatory phase of the construction industry's revival, contract volume for new construction during the remainder of 1945 "is likely to run close to that of the corresponding period of 1944, with perhaps a moderate increase up to 10 per cent," Mr. Holden asserted.

Reviewing the first phase of construction revival, he said deferred maintenance, repair, alteration and modernization work "should move ahead as fast as men and materials become available."

The early phase will probably see, Mr. Holden believes, "some letting of contracts for building projects, particularly the most urgently needed community projects which can be independently financed out of reserve funds of state and local governments, and possibly Federal hospitals for veterans."

Modern Housing

A GROUP of Brooklyn, New York, savings banks has agreed to purchase for apartment house development purposes five blocks of blighted land to be condemned by the city in connection with the proposed Brooklyn Civic Center. A \$50 million civic center is contemplated, and the city Planning Commission has also proposed that the city use \$20 million to condemn adjoining land suitable for redevelopment, rezone the area and offer the new super-blocks for sale to private building.

The Dime Savings Bank, the Lincoln Savings Bank, the East New York Savings Bank, and the Williamsburg Savings Bank have agreed to buy about two acres of this land at 5 per cent above assessed valuation and with no tax exemption privileges. The banks signed a contract with the city for themselves and other savings banks that might wish to cooperate in the project. About a dozen others have already joined the undertaking.

The banks will finance a large modern housing project involving an investment of more than \$6,000,000. The apartments will probably be 12-story buildings housing about 1,000 middle income families, and land coverage will be not more than 25 per cent. The civic center itself will include, besides housing for public agencies, park space, schools, an improved street plan, and an arterial highway.

The housing project is made possible by a recent amendment to the New York State Banking Act which permits savings banks to join in forming a housing corporation, the banks taking the securities of the housing corporation. The banks will thus become builders and owners of the apartment house projects in the post-war period instead of only lenders on mortgages.



The Western Savings Bank of Buffalo offers home-building literature to its customers at this counter

How to Prevent Neighborhood Decay

HENRY S. CHURCHILL

MR. CHURCHILL is a member of the American Institute of Architects and the American Institute of Planners.

Now that the relatively long-term amortized mortgage has become an accepted practice the lender on home mortgages should be seriously concerned with those elements outside the house itself that make for stability of investment. It is a notoriously overlooked fact that in general the dwelling outlasts the neighborhood. The sound investor must therefore look through the door of the house and cast his eye up and down the street. Preferably he should even exert himself enough to walk around the block.

If he does, what will he find? Things that will make the housewife happy to live there, willing to raise her children there? What makes a home besides gadgets and the family tree?

More important still, will this generation's children be willing to live there, and will this generation itself, when its children have grown, be happy to still live there? For the startling fact is that most of our "developments" are sound only for one-half of one family cycle! The young couple buys, moves in, has children, puts them through school and departs. The neighborhood deteriorates, real estate suffers, the city has another blighted area on its hands. It is true the banks have all or a greater part of their money out by then; but can they really afford to be so short-sighted in terms of the total good of their communities?

It is possible to take reasonable precautions against the creeping paralysis of premature neighborhood decrepitude. It is a matter of insisting that every development be in itself a complete neighborhood, or else part of a neighborhood planned to provide those simple elements of living that will make people *want* to continue living there because they not only find it advantageous to do so but because they also have pride and satisfaction in the place and its quality.

Concretely, this means that every neighborhood must be complete enough and varied enough to attract all age groups and a reasonably wide variety of incomes. Schools, of course—good schools, with ample playgrounds and a forward looking policy in regard to the use of those playgrounds. Traffic-safe streets, quiet, with trees and occasional small parks for older people to sit in. Convenient shopping, with plenty of space for parking and plenty of space for the kids to play while mother is shopping, and benches and some green space to sit around and gossip in.

The shopping center is the neighborhood social center. There should be churches and a movie and a bowling alley and a good bar—the things that people want for

small and large get-togethers. The high school kids must be provided for as well as the parents. It must never be forgotten that the younger generation grows up, and that the security of the neighborhood lies *not in the home* but in what the community as a whole can provide for the family as a whole over the years.

That means, besides the things already mentioned, a variety of dwelling accommodations, so that the "old folks" do not have to move out of the neighborhood because the kids are off to college, or that the kids, now grown up, have to seek elsewhere for *their* new house-keeping. Diversification in size and kind of places to live is as necessary as diversification in range of incomes that can be catered to. Homogeneity is another word for sure and quick decay.

STILL another factor of great importance, much neglected by lending institutions, is proper provision for maintenance. This is particularly true of loans made in the medium and lower income brackets. It is a truism that the cheaper the house the worse the construction; it seems impossible to produce substantial quality at a low price in the house-building industry. It also is a truism that the lower the income the less money there is left to put into house maintenance. The consequence is progressive deterioration until a point is reached where either the occupant sells and moves into new quarters to repeat the process; or else the deterioration

REDEVELOPMENT OF
JOHN ADAMS AREA



In Los Angeles

This Los Angeles development is an example of the comprehensive community planning discussed by Mr. Churchill. It provides for group houses, double and single family houses, apartments, two elementary schools, one high school, with playfields and facilities for community activities, including shopping sub-centers. Access to these is either directly by automobile or by safe pedestrian ways through the center of the blocks. High-speed traffic is separated from local traffic; parking is convenient and ample. There is provision for light industry. Such developments are only possible by careful planning, strict control of land and financing, and large-scale construction. The illustration was made available to BANKING by C. H. Bennett, Director of Planning, Los Angeles City Planning Commission



small sum is put aside each month, on which interest is paid, for maintenance. This constitutes a fund on which the owner can draw against legitimate bills for essential maintenance.

It has also been proposed that the builder be required to post a bond or put up cash in escrow as a guarantee, for one or two years, against structural defects carefully specified as to kind. This proposal needs careful exploration, but in the present state of the "industry" it should be given serious consideration. It is unfortunate but true that the obsolete dictum of *caveat emptor* rules the building game; and FHA supervision is more often than not quite worthless.

WISELY set up and with good local leadership, the ownership association can do a great deal towards keeping up appearances, assisting families in temporary trouble, and building up that essential element of pride in the community. Leaders should foster such associations and also provide guidance and leadership in their early years.

Without a strong association the other aid towards maintenance of property standards, the restrictive covenant, becomes worthless since such covenants are not self-enforcing and once breached lose their force in law.

Such covenants should not merely be devices for keeping out undesirable people. They can control building line setbacks, supplement inferior zoning regulations, establish the type of fencing and other minor ground uses. In small house developments requiring approval of design by architectural advisory boards they can do much to keep up the character of the development.

If the lending institutions care to, they can do much to stabilize real estate values in post-war developments. It will pay them to do so. The eventual result is a mature community, self-renewing in its population, because people will wish to continue to live there.

A neighborhood of homes should mature, not deteriorate. Birth, living and death should bring richness of associations, friendship, roots that strike deep. Where such conditions are nurtured, the old word "security" resumes its meaning not only for the family but for the loan.

The conditions precedent for it are a soundly planned neighborhood, and a financing plan that goes beyond the mere collecting of the monthly charges.

becomes so marked that it has an effect on both family and neighborhood pride. The first signs of blight are a "down at the heels" appearance, coupled with a feeling of hopelessness about the occupant's ability to do anything about it.

Here again the lending institutions cannot afford to shrug it off and disclaim any interest in the matter. Theirs is a prime responsibility to the community as a whole, for obvious reasons of self-interest. After all, no neighborhood becomes completely developed at one time, so that there should be a continuing market for loans over a number of years. Too often, however, an area is allowed to deteriorate to the extent where lending institutions refuse to make new loans in such a neighborhood—and there is serious danger, in some cities, that the number and extent of such "unloanable" areas may increase to the point where there is virtually no home market left for loans. Naturally such a condition reflects back into the entire real estate structure of the city and endangers all mortgages.

MAINTENANCE insurance funds are one possible way of meeting the problem. In addition to the monthly payments for interest, amortization, insurance, taxes, a

Production Finance for

MR. COLEMAN continues his discussion of building and mortgage problems, based on this magazine's yearly conference on the building outlook.

TOWARD the end of the afternoon at BANKING'S recent roundtable on real estate finance, one of the guests, John C. Taylor, Jr., president, American Houses, Inc., a man of long experience in the production of small houses, made this statement:

"I have been attending these meetings here and in California, Boston, New Orleans, different parts of the country, and all you bankers talk about mortgage financing and you all fight shy of production financing. The whole home building industry has its financing predicated on consumer credit. That is the reason why the piece of hardware or the gadget or the nut or bolt or screw going into a house costs twice as much as the same piece of material going into a typewriter. Our mechanics work 100 days a year. You men have your staffs in the banks going out checking up on the loans you are making. My guess is you use them about 40 or 50 per cent of the time.

"The average bath tub finds itself in three warehouses in its little journey from the factory to the home. Lumber is the same way, cement is the same way. Why? Because we must sell a house before we finance it. We have no building of homes to a stock pile, and under our present system of financing, we never will.

IF our company could see on January 1 a quantity of houses that were to be built each day during the year 1946, we will say, if we could be at that particular point at the end of this year, and we will assume a number of 20,000, and if we could go out and contract for 200,000 windows to be shipped, one-twelfth of them each month, or one-fiftieth of them each week, we could get the maximum benefit in mass production, and mass purchasing which is one part of mass production.

"If we can go to a community—take a smaller example—and say that we are going to have built 200 houses on this piece of ground, and we don't care whether they are sold or we don't care whether they are rented, they are economic durable goods. We will sell some of them, we will rent some of them; we will move a man in as a renter, and if he likes the house, he can buy it; if he doesn't like it, he doesn't need to; we will continue to rent it. That is the way the automobile industry functions. That is the way the washing machine industry functions, the way the refrigerator industry functions, but it isn't the way the housing industry functions. In my opinion, there is no mass merchandising, there is no mass production, there is no mass anything in the housing industry that will pull that 72½ per cent down to where you people have really sound construction loans, until we have the right kind of production financing. We do not think we are going to have it."

Mr. Taylor thus points up a peculiarity of the housebuilding industry. In most industrial operations there is

a clear distinction between the methods of providing credit for the producer and the credit facilities needed for the buyer of the product. Manufacturers finance the production process either with their own capital or with bank loans, the term of which is geared to product turnover. If the buyers of their products need credit to finance their purchases, they borrow independently from the banks or finance companies, on terms related to their paying capacity and to the durability of the product.

THE two types of transaction are separate. The advancing of credit for production is not contingent upon commitments for product purchases or of consumer credit to finance the purchase. And in no ordinary industrial operation is consumer credit provided in such a way as also to finance production.

In housebuilding these distinctions do not exist. Here consumer credit, in the form of a mortgage loan on the property to be produced, or based on a commitment that such a loan will be made, or upon evidence that the product actually has been sold, provides the means also for financing production. This situation has a profound influence upon the characteristics of the industry and upon the volume of construction.

In advancing credit for housebuilding, the lender's reliance is on the product and on the buyer. In the scheme of things, the producer is secondary. Consequently, a considerable measure of responsibility is lifted from the builder. For him, the main prerequisite is that he have a customer and that the customer be able to get a mortgage loan. He need have little or no capital of his own, no investment in plant or equipment, no continuity in business. It may even be argued that the smaller the builder is, and the less responsible he is in the ordinary industrial sense, the better he can get along.

Mr. Taylor is right in stating that this traditional way of financing the production of houses is not the way to develop a strong, resourceful and responsible industry, nor the way to bring about an adequate supply of houses. The big question is whether there is foundation in Mr. Taylor's fear that methods better adapted to the industry's needs will not be forthcoming.

THERE were some indications by other roundtable speakers that the problem is being faced. For instance, one banker spoke of construction loans made for the first 120 days with .5 per cent interest. While this would seem to be the answer to the builder's prayer, it may be questioned that it offers the solution. Obviously such loans can be justified only if they anticipate the permanent financing, and to that extent it would appear to be still tied pretty closely to the consumer transaction.

In government circles the idea is now being discussed of granting FHA insurance where the builder is the mortgagee. This has been the custom under the war housing provisions of FHA's act; and, though it has not

House Builders

MILES L. COLEMAN

been widely exercised, the power is granted under the normal mutual mortgage procedure, provided the loan does not exceed 80 per cent of value. It is felt that, with such "firm commitments," lenders would pay out the mortgage funds during the construction period, or would make short term loans for construction purposes.

The scheme probably would work; but it, too, has its drawbacks. While it does not require FHA to insure the completion of construction, it does put the agency in the business of insuring marketability. And in doing this, it tends to give FHA a considerable power and influence in "programming" a local market.

Lenders may ask if this may not involve a serious advance in government control both of construction and financial operations.

Like many other such steps, however, it comes because of evidence of the lack of an essential facility. Builders do need a method of financing which will permit them to plan, schedule, and build projects of considerable size in advance of sale. They do not ask that their markets be guaranteed, but they know that their ability to meet a mass demand is dependent upon the regularity of their operations. They may accomplish this through FHA firm commitments, but they would be equally content with any other method of achieving the same end.

This is an important challenge to private lending institutions and one that must be met successfully unless private lenders are to lose more of their prerogatives. It is not sufficient to reply that builders can get ample construction money now if they are adequately cap-

italized, for the facts are that builders generally have little capital. If they are to proceed with the volume of construction needed, they will have to do so on credit; and in face of this contingency the Government is likely to see that the credit is made available.

It does not seem unreasonable to assume that the banks are as capable of servicing their local markets as the Government or that they can as ably select responsible builders and establish satisfactory working arrangements with them. Such arrangements may be on the basis of mortgage loans to the builders paid out as construction advances or of an open, or limited, line of credit, leaving the permanent financing until the property was completed.

Necessarily the lender would have to make his advances contingent upon some relationship between the amount of new construction and the capacity of the market to absorb the amounts scheduled. This type of transaction involves market studies and scrutiny of the builder's operations to an extent much greater than in ordinary mortgage lending. But it can be a source of good business. It can also make an important contribution to the growth of a sound building industry, and to the preservation of the private enterprise system.

In some parts of the country, this is of course being done. But even where such practices are known, they are far from being widely enough adopted to ease the clamor for governmental aid. And in many places, construction credit simply has not been available. No tool is more essential than this to a vigorous expansion of house-building in the post-war years. It can and ought to be provided through normal banking channels.

Home Planning Institutes

The Home Planning Institute of Northern California, sponsored by California business and professional organizations, including the California Bankers Association, aims to bring the people of California communities authoritative information on all phases of home planning and building. In view of the great interest in new homes, the Institute thinks it very important that large cross-sections of people be informed on this subject.

The organization aids communities in organizing and running local Home Planning Institutes. A curriculum of 10 lectures has been worked out, covering such topics as selecting the site, arranging the financing, design and construction, plumbing, lighting, interior decoration, heating and air conditioning, kitchen planning, wiring, painting and wall finishes, and landscaping.

A steering committee and a sponsoring committee of local business people are organized, and work in co-operation with the local adult education department. Speakers are obtained locally when possible. However, the Institute and its sponsors make lecturers available

to local committees when needed. Publicity and ads for local newspapers are also furnished.

More than a score of successful Institutes have already been held in as many California towns and cities.

The cover of the Institute's organization guide simulates a blueprint



"Precisely Outlined Rectangles"

MODEL houses designed by prominent architects of the modern school and suitable for prefabrication in the post-war period, are being exhibited at New York's Museum of Modern Art. The houses, planned to be adequate for an average American family of two adults and two to four children, dramatize the advantages of modern planning and building techniques and the possibilities of mass-production.

The quantity of glass used is perhaps the most striking feature of the group as a whole. Although the houses are designed for various parts of the United States—California, Illinois, and Massachusetts, for example—all take advantage of solar heat by using great sheets of glass on the south wall, oriented to the sun's rays. Wide roof-overhangs shade the glass walls in the Summer but allow the sun to penetrate inside in Winter.

This extensive use of glass brings the outdoors almost into the house, adding space and freedom to the major rooms facing south. Further spaciousness and flexibility are achieved by the open plan, a feature of these homes, which allows the living and dining areas, and often the entrance-hall and kitchen as well, to become parts of one large, flowing space, divided at will by curtains, screens or folding walls.

"Despite marked differences in architectural expression, many of the houses are so similar in basic conception as to suggest that the long, single-story, precisely outlined rectangle, open to the south and closed to the north, will emerge as the dominant post-war plan type," says the Museum bulletin describing the exhibit.

"The architects have all voluntarily rejected cellars and attics. Each house is designed for erection on a concrete floor slab, with provision for radiant heating incorporated in floor, walls or ceiling," explains the bulletin. "Specialized storage is cared for by impressive arrays of closets and cupboards."

THE houses in the exhibition could be built in conventional construction at present, but each is designed to exploit the potential economies of mass-production of walls and roof as standard factory-fabricated panels, and mass-production of kitchens, bathrooms and fireplaces as prefabricated units. Prefabricated panel construction has great flexibility; houses may easily be expanded,

Carl Koch's two-story house has the upper and lower stories forming a right angle with swimming pool in the angle. Two-way open fireplace separates living and dining room areas



Small modern house by Hugh Stubbins has roof that slopes to interior drains. Living-dining room and master bedroom face south, separated by attractive indoor-outdoor porch and garden. Kitchen, utility room, and small bedrooms face north

contracted or rearranged to conform to changing living requirements. A variety of arrangements and exterior finishes will allow individualized appearance.

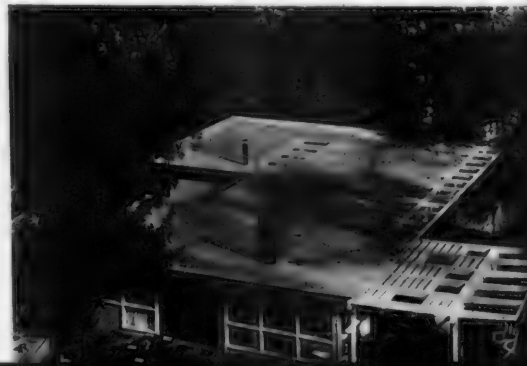
The modern houses in the Museum exhibit were originally designed and built as models for the *Ladies' Home Journal*. Cognizant of the million and a quarter new dwellings that will be needed each year after the war, the project aimed to stimulate interest in modern planning and building techniques.

The *Journal* took as typical an American family of two adults and two to four children with an annual income from \$2,000 to \$3,000. The *Journal* believes an adequate house for this family should contain: "Three bedrooms; one but preferably two bathrooms; ample living and dining space; a pleasant, well-organized kitchen and laundry; plenty of closets, and a garage to include the functions of utility room, workshop and storage."

Richard Pratt, architectural editor of the magazine, states: "Such a house requires the modernization of the building industry, the cooperation of labor, the adoption of a universal building code, and the acceptance among manufacturers of the practice of standardized dimensions. Such a house, so conceived, and costing from \$4,000 to \$6,000, can be realized by utilizing to the full our present potentialities in planning, materials, manufacture, assembly methods and financing. And finally, to accomplish the objectives, there must be a well-informed and widespread demand on the part of the home-buying and home-renting public."

BEATRICE A. FREAR

California house designed by Mario Corbett allows maximum outdoor living. Each bedroom has a private garden with redwood paved terrace and sapling fence—ideal for sun bathing



The Country Banker



Mr. Agriculture Once Had Heart Trouble

HAROLD SEVERSON

The writer, associate editor of "Southern Agriculturist," a widely circulated periodical, travels through the South several times a year. He often finds, he reports, "outstanding work being done by rural bankers to develop farm enterprises," and regards the program described in this article as "one of the finest" he has ever seen. MR. SEVERSON lives in Nashville.

RURAL bankers afflicted with an erratic heart may be interested in the treatment that "cured" the weak heart of W. A. Montgomery, vice-president and cashier of the Bank of Edwards at Edwards, Mississippi. However, it should be understood that Mr. Montgomery is not endorsing the treatment. Rather, he was an unwilling patient who submitted to the ministrations only because he was compelled to do so at the point of a six-shooter.

It all occurred on a drowsy Saturday afternoon back in December 1931. Edwards is a small village in Hinds County, only a short distance from the state capital, Jackson. Most of the residents were enjoying the Saturday afternoon quiet. Only in the groceries and the bank was there much activity of any sort. When the burglar alarm clanged, breaking the hush, there was an incredulous moment or two. Then the citizenry began swarming around the bank like angry hornets disturbed by an incautious youngster.

C. D. Noble, a large-scale cotton planter, went into action with the gusto of a Marine storming a Japanese pillbox. Snatching his rifle, he raced to one of the bank's windows and fired a bullet into one of the desperadoes. L. F. Angelo, who operates a general store in addition to a large cotton plantation, risked his life in an attempt to capture the wounded man's pistol. Dropping down on his hands and knees to avoid the line of fire, he began to crawl into the bank when a bullet creased his scalp and suspended his activities.

Then a concerted groan went up from the crowd. The cashier was being forced out into the street. Behind him crouched the bandits, their guns spitting lead in typical Hollywood fashion. Forced to hold their fire to avoid hitting "Mr. Will," his friends watched helplessly as he

was forced into the bandit's car. His weak heart could certainly never survive such treatment. Then the car roared off, hotly pursued by the banker's friends.

But things were not going too well with the bandits. One of them was apparently dying. The banker was an encumbrance—something to be discarded as quickly as possible. "Let's shoot him and throw his body out the car," suggested one of the thugs. His companion demurred. The wounded man could only groan.

The discussion was brought to an unexpected end when the car began lurching all over the road and finally came to a screeching stop. A tire had been blown out by an accurate marksman trailing close behind.

Abandoning the banker and their dying companion, the bandits took to the woods. A short time later they were captured and sent to prison.

Strangely enough, Mr. Montgomery's heart trouble disappeared. Today, apparently permanently cured, he laughs over the incident.

"Haven't had a bit of heart trouble since," he confides gleefully to his friends.

THIS shock treatment was administered more than 12 years ago. At that time, the agricultural economy of Mr. Montgomery's native Hinds County in Southwest Mississippi also needed a cure. Something was needed to blast cotton planters loose from their one-crop system—to force them into diversified farming. The first tremor was the boll weevil invasion back in 1909. Then came the real shock, the great depression of the past decade, the terrific slump in cotton prices, and the AAA restrictions on cotton acreages.

It proved to be a bitter but potent prescription, for it resulted in a sounder, better-balanced and more profitable program. Farmers have learned that their land will grow good permanent pastures, that it is possible to graze cattle and sheep the year around. "A cow for every cotton acre" is now the slogan of cotton growers.

In order to make livestock growing a permanent part of the county's farming program, Mr. Montgomery early enlisted the aid of government experts and leading



Mr. Montgomery, left, and G. L. Hales, Hinds County agricultural agent

farmers. It takes leadership to put across such a program and much of it has been furnished by W. A. Montgomery. Discuss beef cattle or sheep or permanent pastures in Hinds County with farmers or bankers, and inevitably his name enters the discussion. Fellow-bankers have dubbed him "Mr. Agriculture" in tribute to his activities as chairman of the agricultural committee of the Mississippi Bankers Association.

Hinds County's livestock show has become the largest county show in Mississippi, topped only by the Southwest Mississippi regional show at Port Gibson. Through the leadership of President Montgomery and the close cooperation of every cattleman and several of the county's business and professional men, the Hinds County Livestock Association has promoted development of better cattle herds. The blood of many of America's outstanding beef cattle herds is represented in Hinds County's Angus, Hereford and Shorthorn cattle.

It's necessary to go back several decades to get the proper perspective on Mr. Montgomery's contributions to the betterment of the county's livestock program. Cattle raising is not at all new there, for even the oldest resident cannot remember when it wasn't a money crop of sorts. But the stock generally consisted of emaciated,

tick-infested native cattle grazing on the wastelands. Few farmers bothered with improved permanent pastures. The great majority of cattle were turned loose to eke out a precarious existence on the open range. The Summer grazing was fairly good, for they could subsist on broom sedge and the wild grasses and clovers. However, in the Winter they just drifted. Consequently, many cattle died whenever the Winter was especially cold. However, the average cattleman usually counted any cow surviving the Winter as pure profit, so he could dismiss his losses as being of small matter.

It was a different story when the boll weevil arrived back in 1909. That No. 1 enemy of cotton caused planters to revise their thinking. For the first time they gave serious attention to livestock. Unfortunately their scrub cattle, although practically immune to tick fever as a result of constant infection, were not profitable. On the other hand, disease and pestilence killed off expensive imported cattle almost as quickly as they were shipped into the county. Some breeders kept trying, however, and had outstanding herds.

UNFORTUNATELY, cotton prices made a sensational comeback in the years immediately after the World War I. Cotton prices were too attractive for "messaging around" with livestock, so many of the cattlemen plowed up their pastures and planted more cotton. Then cotton prices nosedived and once again cotton planters found themselves back in the same old rut. Once again they eyed their scrub cattle.

W. A. Montgomery was one of the few solid thinkers who realized that cotton must be supplemented with livestock in order to put agriculture on a permanent basis in Hinds County. He knew that cotton always would be the foundation but that the walls and roof must consist of cattle, hogs and sheep. These would be the money crops that would put additional cash into his clients' pockets. Conditions were favorable for livestock production in Hinds County. Lespedeza and clovers grew wild in the fertile brown loam, while Bermuda,

(CONTINUED ON PAGE 119)

The Edwards Farmers Club, of which Mr. Montgomery is an active member, built these show barns and pens



Farm Credit Files

V. B. HART

This is the final article in a series on the five-point program of the Agricultural Commission of the American Bankers Association. The author is Extension Professor of Farm Management, New York State College of Agriculture.

THE author of this article has never worked in a bank. He believes, however, that the records and information a professor of farm management uses in analyzing a farm business are those needed by the banker in making farm loans. If a farm management professor's analysis of a farm business shows it is not paying operating expenses and a fair return for capital and labor, that business cannot be expected to repay operating loans out of operating income. Also if a farm management analysis shows the farm business to be paying but that the farmer is not getting ahead financially, both the professor and the banker should know there is something wrong with the farmer's personal financial affairs.

Records Kept By Farmers

For the time spent, an annual inventory will show the most about a farmer's financial affairs of any record a farmer can keep. Many farmers, therefore, limit their record keeping to once a year figuring up what they own and what they owe. The farm inventory is a valuable record and its use should be encouraged. One of its limitations, however, is based on the fact that farming is a combination of a business and a home, and the inventory scrambles the finances of the two together. A farm business may be paying well, but the man who runs it may be going behind financially due to large personal expenses.

Another limitation of the inventory is that it is simply a list of assets and liabilities. A farmer's inventory might show a large net worth. But unless there is sufficient current income back of it, the only way a bank would be repaid an operating loan would be by taking over some of the assets. More records and information than the farmer's inventory are needed to properly analyze a farm business or an application for a loan.

Operating Statements

Many farmers have no written records of receipts and expenses. Experience indicates, however, that satisfactory operating statements can be obtained from most farmers. Farm management research workers have for years been obtaining records of receipts and expenses from farmers by the survey method. A comparison of information obtained in this way with actual written records of farmers has proven that such data are equal in accuracy and reliability with that in other fields of agricultural research. A farm management research worker or a banker who knows what questions to ask and how to ask them can get a satisfactory operating statement from practically any farmer.

Some Suggestions For Farm Credit Files

Based on experience in making financial analyses of farm businesses and on observation of farm credit files now in banks, the author suggests the following as the minimum records a bank should have in a farm credit file.

- (1) *Annual credit statements.*
- (2) *Livestock appraisal sheets* for making current appraisals when needed.
- (3) *Either operating statements*, or a record of how the farm business stacks up with recognized farm management standards or "Yardsticks."
- (4) *A comparison statement* to show a quick picture of the borrower's financial progress.
- (5) *Schedule of advances and repayment agreements* showing dates of advances, purpose for which money borrowed, credit line to date, and agreements for repayment.
- (6) *History sheets* to show important personal information about the borrower.

Agricultural Yardsticks

An important supplement, and in many cases a pretty good substitute, for an operating statement is found in the results of farm management studies made by the state colleges of agriculture. Based on the studies of a large number of farm businesses, it has been found that there are always certain definite business factors affecting farm income. These factors vary between sections of the country and with types of farming. In most cases, however, they include size of business, rates of production per animal, crop yields, labor efficiency, diversity of the business, and the quality of the land. In a number of states, bankers have obtained the assistance of their colleges of agriculture in setting up practical measures and standards for these factors. These "yardsticks," as they are sometimes called, have proven most useful for getting a quick picture of just how good a business a farmer is operating.

The Agricultural Committee of the New York State Bankers Association has published an agricultural yardsticks booklet. In this are given average rates of production and accomplishment for the six most important factors affecting incomes on dairy, general, poultry, and fruit farms in New York. The booklet also gives the brackets of production and accomplishment which farm management studies have shown are necessary for producing a good income. Guides like agricultural yardsticks are not a complete substitute for an operating statement. The writer has yet to find a farm business, however, that is in the upper brackets for the factors given in the New York agricultural yardsticks booklet and not making a mighty good income.

News Around and About

Merchandising . . . Legislation . . . Better Farming

High-Points of New Farm Credit Bill

HEARINGS have been scheduled by the House Committee on Agriculture on the Flannagan bill (H. R. 3422) to reorganize and consolidate the administration of all government agencies lending to farmers.

The bill would also establish a farm appraisal system for the use of the public. It would create an "Agricultural Credit Agency" run by an independent bi-partisan board of seven members with 14-year terms of office, each receiving \$12,500 a year. Members would be appointed by the President with confirmation by the Senate. However, terms of the original appointees would vary as to length to allow for appointment of one new member every two years.

This staggered membership set-up, and the further requirement that at least three Republicans and three Democrats be included, is aimed at reducing political influence. The agency would be outside the jurisdiction of the U. S. Department of Agriculture.

All functions, powers, and duties of the Farm Credit Administration and of the Farm Security Administration would be transferred to the new agency. Working under the direction of the new board would be an administrator who would supervise the six divisions into which the work of the agency would be divided:

- (1) A division for supervising loans to farmers' cooperatives.
- (2) A division to supervise short-term loans made by cooperative lending institutions (PCA's).
- (3) A division to supervise long-term farm mortgage loans (NFLA's, Federal Land banks, and Federal Farm Mortgage Corporation).
- (4) A division for supervising and administering direct lending to farmers (now done by FSA, RAC, Emergency Crop and Feed).
- (5) A division to supervise financing and discounting activities.
- (6) A division to carry out the functions of appraisal and examination and other service functions.

The policy of the board, as outlined by the bill, is "to promote a system of agricultural cooperative credit banks and associations and cause them as soon as practicable to become producer-owned and producer-controlled." The board is directed by the bill to eliminate duplication and overlapping of services, personnel and functions and to achieve economy and efficiency of administration.

The bill fails to provide directly for elimination of subsidies or free government capital with respect to the lending agencies affected. This objective, organized

banking vigorously maintains, is both just and urgently needed.

At press time, the American Bankers Association was arranging to have representatives appear at committee hearings during the latter part of June and the government agencies affected were also expected to be heard.

A Story City Inventory Plan

Although a service star hangs in the lobby of the STORY COUNTY STATE BANK, Story City, Iowa, for the man who handled the bank's "outside" program, here is the case history of the plan, suspended for the duration, as told by R. A. Sweet, vice-president and cashier.

"We started our farm program about 1934. The reason for adopting the part-time man idea was that we had to cover a large territory serviced by our two banking offices. Because Iowa banking law requires all loans be made in the home bank, it was necessary that we have considerable information on our borrowers so that our loan officer could pass on applications intelligently.

"At first, practically all our loans were secured by chattel mortgage; most of them for feeding purposes. Chattels were checked by our man twice annually, in the Spring and Fall. He made complete inventories of livestock, machinery, grain and feed, also noted the husbandry of machinery and equipment, general farm upkeep, insurance coverage and other pertinent details which provide clues to good and poor management. All inventory reports were later signed by the borrower.

"During these visits, our man discussed simplification and improvements of feeding operations whenever the opportunity was afforded. He encouraged the use of certain crops to better balance feed ratios, and in general endeavored to share his wide experience in practical farm operations.

"In addition to the signed inventory, our man also furnished a separate, confidential report to the bank, covering in more critical detail the points mentioned above. When we first started extensive inspections, there was of course a question of resentment on the part of farmers. Out of the first 100 calls checked, only two registered objection toward our method of operation. In fact, one of the two refused to allow the inspection, but came in the following day with apologies and an invitation to do the job as thoroughly as possible. The other objector was rather uncooperative in giving his report; we refused credit accommodation.

"From my standpoint of approving loans, I have been very much interested in the confidential reports, especially on the borrower's attitude. If there is serious indication that the borrower does not want to cooperate,

we refuse further credit and insist upon an immediate clean-up of his line.

"When the reports are completed, and checked by our officer in charge, all discrepancies are immediately called to the attention of the borrower. This system of check and balance makes the borrower conscious of his commitment, and there is less tendency to dispose of chattel goods without notifying the bank.

"These inventories have given us a fairly complete record on all farmers in our trade area. They help speed up service for additional credit for old customers. We find this method not only makes it possible to develop a more safe and sound lending policy, but it actually has fostered goodwill. It doesn't take long for the farmer to realize that behind our thoroughness is a sincere objective of helpfulness.

"One of the principal results of our program has been our ability to service every deserving farmer with better rates and terms, eliminating the necessity for them to look to government agencies. We are thoroughly sold on this method, and intend to resume our farm plan after the war."

Subsidy for Cattle Feeding

Cattle feeders may receive payments of 50 cents per live hundredweight of "eligible cattle" sold, under the new program announced by War Mobilizer Vinson to improve the meat supply. Payments are made through sight drafts on the Commodity Credit Corporation, which *may be cashed immediately at local banks.*

The drafts are issued by county officers of the Agricultural Adjustment Agency, as under the dairy subsidy program. A fund of \$40,000,000 has been allocated by the War Food Administration for the purpose.

The feeder must have owned the cattle at least 30 days immediately before selling them, and he must sell to a legally authorized slaughterer, which is any slaughterer who operates under Federal inspection or under an OPA permit. The cattle must weigh at least 800 pounds at time of sale and bring not less than the minimum price for good or choice grades in the zone of sale (i. e., \$14.25 basis Chicago). Similar regulations

govern payments to slaughterers who are also feeders.

Although current meat supplies are down from a year ago, due largely to decreased hog production, the number of unfinished cattle on the ranges and on farms is still far above normal. Thousands of farmers in the Middle West who ordinarily buy cattle from the western ranges for finishing on their own feedlots have curtailed their feeding operations in the past two seasons because price control has operated to discourage production of quality meat and also because of feed shortages. Increased feed supplies are now available, and need to be used to increase both the quality and the quantity of beef coming to the American dinner table.

Nine Jobs for the Outside Man

We miss our guess if, in the near future, many country banks won't be wrestling with the question—Can we afford an outside field man? A look at the local market for farm expansion, modernization, and equipment loans may be a guide. The knowledge that competitive agencies will step in and take over may be another factor. But the answer perhaps can best be determined not by appraising one, but all of the potential functions of a field man.

Take a typical case, the county-seat town of Marshall, Missouri, with a population of 8,500. Principle products: cattle, hogs, corn and wheat. Here the Wood & HUSTON BANK employs a former county agricultural agent whose activities are broadly grouped under these nine specific functions:

Contact with old customers: About 60 per cent of his time is spent out in the field advising on livestock and crop production methods, discussing price outlook and economic trends. He makes an average of 84 farm visits each month, with an annual travel record of some 5,035 miles.

Solicits new customers: He contacts new farm families starting out, and newcomers to the area, while making the monthly rounds.

Manages farms: Actual supervision of all farms managed by the bank for customers, usually old people or absentee owners, is under his direction.

Aerial view of Soil Conservation Experiment Station, LaCrosse, Wisconsin



New Erosion Control

Sorghum that yields neither grain nor fodder has been developed by U. S. Department of Agriculture plant breeders for use as an erosion-control crop. When planted for this purpose, it is best to leave all growth on the land, but with the usual varieties farmers were tempted to harvest the crop for grain and other uses.

Representation at agricultural meetings: In an average year, the field man represented the bank at some 56 various farm meetings.

Inspects collateral: Whenever it is necessary to inspect collateral on loans, the field man is called and his appraisal is accepted.

Real estate appraisals: He also serves as appraiser in real estate loans on both farm and town property. Town property loans are set up on a monthly amortization basis, and farm loans on an annual or semi-annual reduction of principle basis.

Advises on production practices: Farmers are invited to discuss production problems with the field man at the bank. At first, they were somewhat hesitant about this procedure, but now Saturdays are big days for such interviews.

Seeks new industries: The bank persistently sells its community to new agricultural industries which have something practical and beneficial to offer the area. Now and then considerable time is spent by the outside man researching pertinent data for these prospective industries, or otherwise acquainting them with the county situation as it may affect their business opportunities.

Miscellaneous activities: Here the bank groups such functions as cooperation with 4-H groups, assistance at livestock shows, county slaughter committee, rationing committee, victory garden, and a multitude of other services that make up a full day's work.

In summary, J. P. Huston, cashier, says, "These latter activities may not be direct efforts to get business, but these contacts with the public have definite benefits, and anything that helps the community helps our business."

Obviously then, the scope of field activities, can be as broad and influential as your man is qualified to make it.

Bills Limit Government Corporations

The Byrd-Butler bill to control government corporations, S. 469, has been the subject of hearings before a subcommittee of the Senate Committee on Banking and Currency. A companion measure known as the Whittington bill (H. R. 2177) has also been the subject of hearings before a committee of the House of Representatives.

Several government-fostered corporations—there are 63 specifically named in the legislation as wholly-owned by the Government and 38 with mixed private and government capital—have sent spokesmen before the

committee to protest the restrictions on their activities which would be imposed by the bill's provisions for auditing and budgetary supervision. During May a large contingent of Farm Credit Administration officials appeared with arguments for exempting their agencies, many of which compete with country banks.

The measure provides that each wholly owned government corporation would be required to prepare annually a budget program covering all operations for the ensuing fiscal year in the same way as bureaus of the regular government departments. The budgets would include estimates of the amount of government capital funds which shall be returned to the Treasury, or estimates for the reissuance of authorized capital, or the restoration of capital impairments. The Comptroller General of the United States, who acts as the agent of Congress in auditing the various government agencies, would be charged with responsibility for submitting "recommendations for the return of such government capital or the payment of such dividends as, in his judgment, should be accomplished," potentially a very important provision that would apply not only to the wholly-owned corporations such as the Production Credit Corporations, but also to the Banks for Cooperatives, the Federal Land banks, and the Federal Home Loan banks.

Farm Equipment Manual

A manual for the use of banks in making loans to farmers to purchase farm equipment and machinery is being prepared by the Agricultural Commission of the A.B.A. It probably will be available next Fall.

Loans Up In Second Year

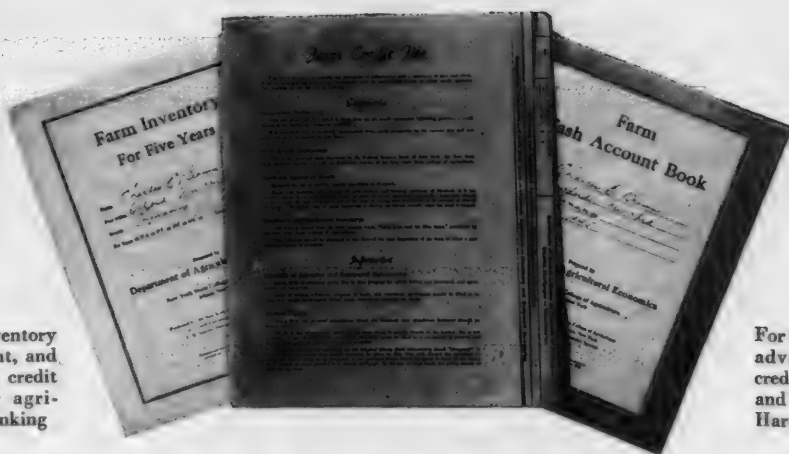
Agricultural loans during the first six months of the second year under an outside contact program were two and a half times the volume for the corresponding period of the first year, writes F. A. Johnson, cashier, FIRST TRUST AND SAVINGS BANK of Davenport, Iowa.

Determined to set its outside program in operation before the post-war period, regardless of the present handicaps of service, this bank first concentrated on the Food-for-Freedom programs, aiming at maximum production of all area farms. The program was first announced through local newspapers, followed by a personal letter to the more than 2,000 farmers in the section. Newspaper publicity has continued to add regular support. Leading farmers on a special mailing list have received various literature and letters every six months. Special publicity has been directed to such groups as cattle feeders, truck growers, etc. All this has been supplemented by personal calls and contact at farm meetings.

Main emphasis has been placed on loan facilities available, but other features including 4-H club assistance, income tax help and consultation on leases, rentals, etc., have been mentioned. Soon the bank intends to establish a farm management service, which will receive widespread publicity.

Starting under wartime conditions has, in Mr. Johnson's experience, a handicap: The high level of farm income and war restrictions on buying have reduced the effectiveness of aggressive selling, and travel restric-

A farmer's inventory and cash account, and a banker's farm credit file—good for agriculture and banking



For a discussion of the advantages of farm credit files to farmers and bankers by V. B. Hart turn to page 59

tions have curtailed field contacts seriously. But the results, nevertheless, prove the venture worth the while.

1945 Wheat Loan Slightly Higher

A loan program to support the price of 1945 crop wheat at a national average of about \$1.38 a bushel to the farmer compared to last year's average of \$1.35 a bushel, has been announced by the War Food Administration. The actual loan rates will vary as in previous years according to the grade and location of the wheat.

Loans will be made by banks and other lending agencies under purchase agreements with the Commodity Credit Corporation, and will be available until December 31, 1945, maturing on April 30, 1946, or earlier upon demand. As in the past, the loans will be made on wheat stored in suitable facilities on farms and in terminal markets, and are "non-recourse" in that neither farmer nor banker is liable for loss if the market price of the pledged wheat should fall below the amount loaned.

A total of \$252,029,000 was loaned on 1944 crop wheat, about three-fourths of it stored in warehouses and the remainder sealed on farms.

4-H Baby Beef Club

The Howard County, Maryland, 4-H Baby Beef Club has grown from six members feeding six baby beefs in 1936 to 39 boys feeding 53 beefs in 1945.

This development can be traced to the interest and help of local adult leaders, according to Mrs. E. I. Cissel, assistant county agent. As an example of this form of encouragement, Mrs. Cissel cited the willingness of the banks of the county to loan the boys money in a regular, businesslike way to purchase their steers. Forty-three calves have been financed in this manner since 1936.

In addition, the boys are encouraged by individual citizens. A Circuit Court judge who is an Angus breeder helps supply the boys with good type calves, attends some of their meetings, and has given awards to the boys for the best fitted and best shown steers. The editor and publisher of the Ellicott City Times helps the 4-H boys with advice and with encouraging publicity, and an Ellicott City merchant buys most of the steers sold at auction at a good price.

The 4-H Club boys must learn how to select, feed, and care for the beef—all of which will be useful to them as farmers of the future. This information is obtained by attending 4-H Club meetings, visiting other members' projects, and seeking suggestions from the county agricultural agent or University of Maryland Extension specialists.

The baby beef project, started in 1936, has increased each year except 1938 in the number of members feeding steers. The sharpest rise in membership took place during the past year, when the membership more than doubled. In 10 years of beef work, 132 members have fed 177 steers and produced 168,150 pounds of beef.

The club members have stressed quality as well as quantity with the result that their Howard County group of five placed first in their class at the annual Baltimore Livestock Show in 1943 and 1944.

With their 1944 winnings the boys held their first annual baby beef banquet. Members have a yearly program which includes four regular meetings, tours of members' projects, entry of animals in fairs, and an annual banquet.

Crop Insurance

Government crop insurance is back in the farm picture again, after a year's absence. Coverage offering protection for growers against losses from weather and other unavoidable causes is available on cotton and the spring-planted wheat and flax crops.

The Federal Crop Insurance Corporation is represented in the field by the county committees of the Agricultural Adjustment Agency, and in each eligible county a sales organization is organized to explain and sell crop insurance. In addition to the county AAA committeemen, agents may be selected from other government and non-government groups, including banks. Officials of the FCIC have expressed the hope that employees and officials of banks in the various counties where crop insurance is being sold would act as agents. Bankers have a special interest in crop insurance, because a farmer's ability to repay a bank loan normally hinges on the return he gets from his crops.

Crop insurance gives individual farmers coverage up to 75 per cent of the average or appraised yield from a specific crop in a given area.

Sales commissions on Federal crop insurance contracts will include a flat payment for each contract accepted by the FCIC and an additional payment based on the size of the premium. The maximum commission on one-year contracts (flax and cotton) will be \$17.50 a contract. The three-year wheat contracts will offer a \$25 maximum commission.

Commissions earned through sales made in the natural course of their work by county committeemen and regular office employees of the county AAA may not be accepted personally, or by other employees in the counties who receive Federal pay checks.

Congress has stipulated that crop insurance is to be on a "self-supporting" basis for each insurable crop by 1950 and, starting with the crop year of 1949, reserves are to be set aside by FCIC totaling not less than 10 per cent of the premiums collected annually for each insurable crop. After 1949, if the total amount of losses under a crop insurance program exceeds premiums collected plus accumulated reserves, loss payments are to be made on a pro rata reduced basis. The law also requires that insurance is not to be provided in a county unless at least 50 of its farms participate, or at least one-third of the farms normally producing the insurable crops in the county.

Trial insurance programs on corn and tobacco will be carried out in not more than 20 counties during 1945 and other crops will be added to the list each year.

Industrial-Agricultural Employee Production

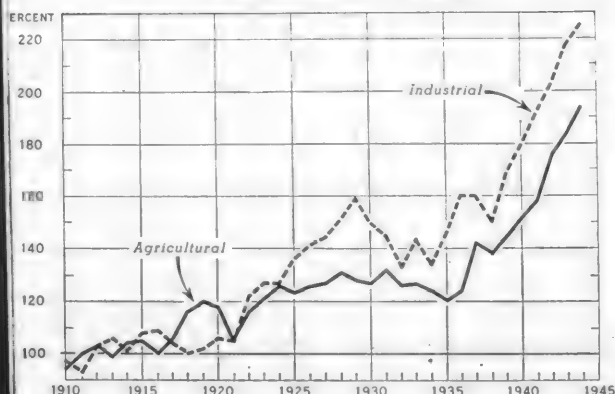
Both agricultural and industrial production per employee have increased irregularly since 1910 and in both cases the rate of increase has been much greater during the war than it was in pre-war years. Agricultural production per employee in 1944 was 35 per cent above 1939 as compared with an increase of 33 per cent for industrial production.

Greater mechanization of farm methods in the post-war era undoubtedly will further increase substantially the agricultural employee's production record.

An example of the mechanical devices for farm use now under study is an airplane seed-pellet disseminator developed by Dr. Lytle S. Adams, of San Diego, which, he claims, can plant 20,000 acres an hour.

Employee Production: Agricultural and Industrial United States, 1910-44

Index Numbers (1910-14 = 100)



Progress in Scientific Farming

A solution to many of farmers' difficulties is promised by new tests of weed growth-regulating chemicals reported by the U. S. Department of Agriculture. Good results are being received from a compound called 2-4-D (2,4-dichlorophenoxyacetic acid) in a water spray on grass plots, lawns and pastures. The weeds are killed without damaging the grasses, and it is believed the chemical may also prove useful against some weeds in grain fields. Weeds readily killed by the compound include dandelion, narrow-leaf plantain, chickweed, pigweed, woodsorrel, knotweed, broadleaf dock and lawn pennywort.

Farmers and other users of wood-lot trees have been provided with a method for introducing chemicals into the sap stream of the wood to increase the length of service of fence posts, bean poles, garden stakes, and other utility poles. U. S. Department of Agriculture scientists report that fresh-cut saplings may simply be allowed to stand in a wooden tub or trough containing the right amount of chemical in solution for a period of about six hours or until they have taken up the required amount of chemical. Recommended chemicals include chromated zinc chloride, zinc chloride, and copper sulfate (bluestone), of which the chromated zinc chloride is considered the best although more expensive, because it protects the wood longer and is less corrosive. Spring and summer have been found the best time to use the treatment.

New Fields—New Customers

"Back in the mid-30's," writes Harry L. Heninger, cashier of the PARISH BANK AND TRUST COMPANY of Momence, Illinois, "we expanded our lending program to automobiles and trucks. At the same time, we contacted farm machinery dealers offering to discount paper at the same rate as their present sources. However, our plan was set-up to split the customary 5 per cent, holding half in a temporary reserve account for the dealer to cover any defaults that might develop. When the note was paid in full, the balance in the reserve account was returned to the dealer.

"It was through this procedure that we came in contact with a great many new customers; later many of them became regular borrowers. This made it necessary to employ a field contact man to keep in touch with our expanding territory of farmer borrowers, and to service new applications and check chattels in the field.

"We never make farm loans for longer than 90 days, except in case of chattels on equipment and livestock, which are extended for a year, and feeder loans are timed to mature when stock is ready for market."

In short, here is another case which proves that one service leads to another.

BANKING

No traffic jams *here!*



RECORDAK eases pressure on wartime personnel—speeds paperwork in banks

TODAY'S banking establishments—meeting an unprecedented 30% traffic rise, short on help—know the real meaning of the word "overworked"... but you'll find exceptions in departments where Recordak's installed.

An automatic "helping hand," Recordak takes over more than a dozen banking jobs... eases pressure right down the line... makes inexperienced help more valuable... extends the usefulness of present personnel...

Facts and figures:

Effecting great economies—taking on work and more work—is standard Recordak performance... deserves your consideration. Are you taking full advantage of the Recordak System of Single Posting to eliminate clerical duplication... save as much as 33% of work involved?

Again, are you applying Recordak to copy-

ing papers... at a cost as low as 1/25 of a cent per item? Do you use it to trim transit costs up to 40%? Do you let it reduce file space 98%?

There's Recordak ahead:

Government requirements are Recordak's big job now (V-Mail is just one Recordak operation)... and no new installations can be made. But ahead of you—probably sooner than you think—is the valuable help of Recordak. Plan now to use it in your "reconversion banking." Write: Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Ave., New York 17, N. Y.

ORIGINATORS OF MODERN MICROFILMING

RECORDAK



BANKING NEWS

Scott and Greenwood Named to Top Posts in Institute by Council

Giannini Prize Winners Picked at Cleveland

David T. Scott, assistant cashier of the First National Bank in Boston, was elected national president of the American Institute of Banking at the meeting of the Executive Council of the Institute in Cleveland June 3-6, held in place of the annual convention which was canceled to comply with the ODT ruling with respect to conventions, trade shows, etc. Mr. Scott succeeds William C. Way, trust officer, Central National Bank of Cleveland.

He is a graduate of Boston Chapter of the A.I.B. and of The Graduate School of Banking, conducted by the A.B.A., at Rutgers University. He has been a member of the Executive Council of the Institute since 1941 and was elected vice-president at the A.I.B.'s convention in St. Louis last June. He has been associated with the First National Bank since 1925.

George J. Greenwood, assistant manager of the Bank of California National Association in Portland, Ore., was elected vice-president to succeed Mr. Scott. He began his banking career in 1922 and has been with the Bank of California since 1931.

Mr. Greenwood has been active in American Institute of Banking affairs since 1922, serving as president of Portland Chapter in 1934-35 and as a member of the Executive Council for the past three years.

Four Executive Councilmen also were elected during the Cleveland meeting, as follows: J. Kaye Ewart, National Bank of Washington, Tacoma; H. Waldo Graff, Federal Reserve Bank, San Antonio; J. Vincent O'Neill, National City Bank of New York; and Hartwell F. Taylor, Morris Plan Bank of Richmond.

Stephen O. Porter, Riggs
(Continued on page 68)



David T. Scott



George J. Greenwood

Lawson Urges Banks to Protect Ration Coupons

A.B.A. Committee Head Endorses Bowles' Steps

Wilbur F. Lawson, chairman of the A.B.A. Ration Banking Committee, has endorsed the program outlined by OPA Administrator Chester Bowles for the protection of ration currency while it is under bank control.

The committee, said Mr. Lawson, "strongly recommends that banks take every step possible to safeguard the handling of stamps, coupons and other ration evidences, thereby preventing their falling into the hands of racketeers and black market operators.

"In doing so they will not only render a service to the country but will protect the good name of banking, which has achieved such an enviable reputation for its unselfish and efficient performance of this difficult wartime task."

In a letter to all banks participating in the ration program, Mr. Bowles suggested minimum steps that should be taken to protect ration currency.

5 New Ad Campaigns

A large number of inquiries to the A.B.A. Advertising Department on a variety of bank services followed V-E day, resulting in the department's developing five new advertising campaigns on several phases of bank financing: (1) home mortgages; (2) home repairs; (3) personal loans; (4) service to returning war veterans; and (5) loans for small business.

These campaigns are now available to member banks.

A.I.B. Study Groups Go On Chapter Basis

Local Teachers Get Greater Authority

An increase in the number of A.I.B. study groups now operating throughout the country is anticipated as a result of steps taken by the Executive Council of the Institute at its meeting in Cleveland last week to put study groups on the same basis as chapters.

The Council voted to eliminate the \$3 supervisory fee now paid to the national office and to make certain changes in the supervisory arrangements whereby greater responsibility will be given to the local instructors. Heretofore the national office has supplied the group instructor with all written tests and in addition graded the final examinations.

Under the new arrangement the instructors will prepare their own tests, except the final examinations. The national office will furnish the finals but the instructors will grade them, subject to review by the national office. The national organization undertakes to assure adequate teaching quality by reserving the right to approve or disapprove appointments of instructors.

Under this arrangement the relationship of the members of study groups to the Institute is the same as that of chapter members. It is believed that the increased autonomy provided for will make the study group plan more attractive to a greater number of banks. There are many banks, more or less isolated because of wartime

(Continued on page 68)

64 New Members Join A.B.A. in 2 Months

Over 96% of All U.S. Banks in Association

Twenty-four banks were added to the roles of the American Bankers Association as new members during May, as a result of activities of the Association's Organization Committee.

Among the new members is a Service Facility "B" organized by the First National Bank of Anchorage, to meet the needs of the armed forces.

The 64 new member banks enrolled during April and May and 16 members regained, bring the total membership of the Association to well over 96 per cent of all of the banks in the United States. Several states are within one or two banks of 100 per cent membership records, including Arizona, California, Maryland, Montana, North Dakota, Oregon, and Rhode Island.

Recent Members

Members added in May are: Central State Bank, Calera, Ala.; Marquette National Bank, Chicago; Ladoga (Ind.) State Bank; Citizens State Bank, Marshall, Ind.; Farmers State Bank, Middletown, Ind.; Guaranty State Bank, Dunlap, Kans.

Olpe (Kans.) State Bank; The State Bank, Dayton, Ky.; Middletown (Md.) Savings Bank; Pontiac (Mich.) State Bank; Minnesota State Bank, St. Paul; Metuchen (N. J.) National Bank; National Mohawk River Bank, Fond du Lac, N. Y.

Farmers and Merchants Bank and First National Bank, Caldwell, O.; Lower Salem (O.) Commercial Bank; First National Bank, Ottawa, O.; The Racine (O.) Home Bank Company; The Citizens State Bank, Somerset, O.; Glencoe (Okla.) State Bank; Martha (Okla.) State Bank; Bank of Commerce, Freewater, Ore.; Providence (R. I.) Institution for Savings; and First National Bank of Anchorage, Service Facility "B," APO #729, % Postmaster, Seattle, Wash.

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The Checkerdale idea can be such an important factor in the prosperity of local agriculture . . . and, in turn, of an entire community . . . that you will want to include it in your postwar planning. Contact your Purina field man for details and complete information.

Better yet, though, come to St. Louis to get for your own self a full impression of Checkerdale and its possibilities for your community. You're cordially invited the next time your Purina field man brings a group of men to St. Louis. You'll spend one day at our plant and office, and one at the nationally famed, 544-acre research farm, symbolized in the illustration. We'll be delighted to have you. Just get in touch with the Purina field man. If you don't know his name, write BANKERS' SERVICE DIVISION, PURINA MILLS, St. Louis 2, Mo.

Dear Mr. Banker

...please visit us



IT'S THE NEXT THING TO HAVING THIS FAMOUS RESEARCH FARM RIGHT IN YOUR COMMUNITY

A Checkerdale store in your community is the next thing to having the great Purina Research Farm actually next door. This is because the Checkerdale store is a one-stop channel for all of the feeding and management discoveries that come from the Purina Farm, the first and largest research unit of its kind.

Purina research developments have

played a substantial part in the amazing increase in our national production of livestock, poultry and dairy products. Farmers and communities having the most direct channel from the Purina Farm naturally benefit first and most. So a Checkerdale farm supply center in your community is a matter of both business and civic interest to you.

The Checkerdale Program includes . . . Livestock and Poultry Feeding • Marketing • Farm Management • Disease Prevention and Parasite Control • Crop Planning and Soil Conservation • Livestock and Poultry Breeding • Buildings and Equipment • Soil Improvement.

COMMUNITY BUILDERS



Dedicated to the Building of the Agricultural Community

National Bank Credits Up 13 Per Cent in '44, Investments 26 Per Cent, A.B.A. Report Shows

National banks of the United States served the credit needs of more people at less cost during 1944 and ended the year with a stronger capital structure and a moderate increase in earned profits, according to figures in an annual report on earnings and expenses mailed to all members of the National Bank Division of the American Bankers Association.

This report, prepared by the division, of which R. Otis McClintock, president, First National Bank & Trust Company, Tulsa, Oklahoma, is president, gives average figures of income and expense for the country as a whole and for states, and is useful to bankers in judging the efficiency of their own bank operations as compared with the averages.

Loans, Investments Up

The report says 76 per cent of the higher 1944 total of national bank assets at the close of the year was employed in loans and investments, compared with 74 per cent of the lower total reported at the end of 1943. Total assets of national banks in 1944 were \$76,949,859,000 reported by the Comptroller as of Dec. 30. The previous year the amount was \$64,531,917,000. Loans and discounts advanced 13 per cent in volume and investments increased 26 per cent.

The gross rate of earnings from loans and discounts continued the declining trend which started in 1939 and showed a reduction of .3 per cent to an average of 3.3 per cent. In 1944 the rate declined .4 per cent from 4 to 3.6 per cent. "On investments, however, the decline which had been unbroken for seven years was reversed," the report says. The average rate earned was 1.5 per cent, compared with 1.4 in 1943 and 2.7 in 1938.

Total expenses of bank operation were 10 per cent higher in 1944, but "the only encouraging feature of this item is that the advance was less than in the previous years." The heaviest single increase was in taxes — 32.7 per cent. Salaries and wages advanced 6.6 per cent. The aggregate amount paid in salaries and wages to bank employees was 7.2 per cent higher and the number of employees

was up .7 per cent over 1943. Bank officers received salary increases amounting to 2.5 per cent and there was also a slight increase in their total number.

The most substantial improvement in bank earnings was in recoveries on loans and investments and in the profits on securities sold.

Scott Names Institute National Committees

Appointments to the five national committees of the American Institute of Banking have been made by the new president, David T. Scott.

The chairmen of the committees are:

National Debate and Public Speaking Committee: Lewis G. Corder, Corn Exchange National Bank and Trust Company, Philadelphia;

National Forum and Seminar Committee: Bruce W. McPheeters, Security-First National Bank of Los Angeles;

National Membership and Publicity Committee: A. Leon Huddleston, Union Planters National Bank & Trust Company, Memphis;

National Public Relations Committee: G. O. Thorpe, The First and Lumbermen's National Bank of Chippewa Falls, Wisconsin;

National Women's Committee: Julia L. Irwin, The National Bank of Commerce, Houston, Texas;

In addition to the five national committees there are six committees in the Executive Council. The chairmen of these committees are:

Budget Committee: William C. Way, Central National Bank of Cleveland;

Chapter Administration Committee: Floyd L. Geyer, California Bank, Los Angeles;

Educational Advisory Committee: Albert O. Werner, Industrial National Bank, Detroit;

Nominating Committee: S. J. Kryzsko, The Winona National and Savings Bank, Winona, Minnesota;

Program Committee: George J. Greenwood Jr., The Bank of California National Association, Portland, Oregon;

Transportation Committee: T. S. Wiggins, National Bank of Commerce, Memphis.

Insurance Saving

In addition to the reductions aggregating \$1,500,000 in premiums on bankers blanket bonds which became effective on May 1, the surety companies have granted banks a further savings estimated at \$1,600,000 annually on bonds where premiums are paid three years in advance.

This plan reduces insurance costs to banks by 16½ per cent and besides blanket bonds it applies to all fidelity and forgery bonds issued to financial institutions, according to the American Bankers Association "Protective Bulletin."

These latest concessions in premiums, combined with the reductions effective May 1 and announced May 9, equal in aggregate amount the reductions proposed by the A.B.A. Insurance and Protective Committee last March.

A.I.B. Study Groups

(Continued from page 66)

travel conditions, which could set up A.I.B. study groups within their own staffs and these changes are expected to encourage them to do so.

Reorganization of the program under which the American Institute of Banking offers a graduate certificate to its students was adopted by the Executive Council.

Heretofore the Institute has offered a graduate certificate for the completion of 168 hours of study beyond the requirements for the standard certificate. Under the new program the A.I.B. will offer three graduate certificates, each re-

Check Routing Symbol Plans Gets Endorsement

The new system of check routing symbols which was introduced early in May among the banks of the Federal Reserve and branch cities has received enthusiastic endorsement from the banks in the 36 cities, according to reports received by the Bank Management Commission of the American Bankers Association.

The system is now being introduced to the 15,000 banks of the nation through a booklet entitled "Check Routing Symbol." It will cut the time required for the collection of checks, reduce the work of sorting, and eliminate misrouting to a large extent.

requiring 168 hours. There will be three required courses and one elective course of 42 hours each leading to a graduate certificate in commercial banking, investment banking, or trust

Scott and Greenwood

(Continued from page 66)

National Bank of Washington won the first prize in the national public speaking contest for the A. P. Giannini educational endowment prizes, which was held in Cleveland on June 4, during the meeting of the Executive Council.

Second place in the contest was won by George A. Rogers, First National Bank of Boston; third place by Aard Andersen, United States National Bank, Portland; and fourth place by Wilfred G. Bruce, Highland Park State Bank, Dallas. Prizes of \$500, \$300, \$200 and \$100 were awarded.

New Small Business Credit Groups Formed

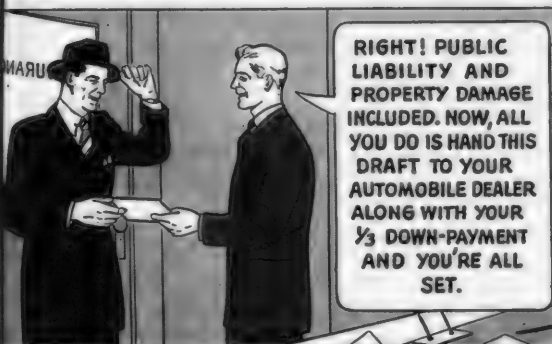
Seven new bank credit groups have been organized under the Post-War Small Business Credit Commission's program for making bank credit available to small business during the reconversion of industry and in the post-war period, according to Commission Chairman Robert M. Hanes, who is president of the Wachovia Bank and Trust Company, Winston-Salem, N. C.

Thirty-seven of these new credit groups have been set up, nine of which are statewide, and others are being organized. Funds earmarked for loans to small business by these 37 groups aggregate about \$600 million.

The new groups just announced and the volume of credit available to meet the needs of small business in each of these communities: San Francisco, \$30 million; Atlanta, \$20 million; State of Virginia, \$4½ million; Clark-Taylor-Wood counties, Wisconsin, \$2 million; State of New Hampshire and State of Rhode Island, amounts not yet fixed.

HOW DIRECT AUTOMOBILE FINANCING WORKS

Under the St. Louis Plan



THAT, in a nutshell, is how the direct method of financing an automobile is done under a plan now in operation in St. Louis, Missouri. It shows the teamwork between insurance agent and bank. It shows how agents who approach their present policyholders *before* they buy a new car can not only bring loan customers to banks, but

can also write new insurance and render a real service to their clients. . . . We'd like to send you our new free folder describing the St. Louis Plan in detail, and also our other free booklets, "The Banker and the Insurance Man in the Auto Trade" and "Character Loans." The American Insurance Group, 15 Washington St., Newark 1, N. J.

THE American Insurance Group
1846
Newark 1, New Jersey

The American Insurance Company • Bankers Indemnity Insurance Company • The Columbia Fire Insurance Company • Dixie Fire Insurance Company • The Jersey Fire Underwriters

Your Better City of Tomorrow



Needs Bold Planning Today

Cities are merely groups of neighborhoods. And those neighborhoods are the nerve centers of production, culture and progress of the Nation.

The homes, office buildings, factories, schools, churches, hospitals, hotels, streets, recreational centers, water, power and light systems are but the servants of those communities for a more satisfying and enjoyable existence.

These facilities for the kind of living which the American people want are badly run down after nearly four years of war. If not in actual disrepair they are certainly inadequate for a prosperous postwar era.

Cities need expanded traffic and terminal facilities for rail, air, water and highway transport...

One acre of park and recreational area per one hundred persons . . . Modern parking facilities for a large increase in private cars . . . Many private and public buildings

erected or rebuilt at once . . . Immediate attention to the pent-up demand for residential housing and countless other improvements.

If your city is to lead in business and social progress, then bold, imaginative planning is needed today. In transforming the dreams into reality, maximum value in the improvements is secured by sound planning by competent architects and engineers, and efficient and economical construction by qualified general contractors.

A. G. C. General Contractors have the skill, integrity and responsibility to execute the projects and deliver a completed structure or facility at a specified time and predetermined cost. The A. G. C. Emblem identifies the firms which have the ability and equipment to rebuild your community speedily and satisfactorily.



THE ASSOCIATED GENERAL CONTRACTORS of AMERICA, INC.

Ninety Branches and Chapters Throughout America
National Headquarters—Munsey Building, Washington 4, D. C.

SKILL, INTEGRITY AND RESPONSIBILITY IN CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS, AIRPORTS AND PUBLIC WORKS

Organizations Afield

Wisconsin School of Banking

A new School of Banking, jointly organized and conducted by the WISCONSIN BANKERS ASSOCIATION and the University of Wisconsin, will be conducted on the campus of the University, beginning with a two weeks' session this year, August 20 to September 1. Three summer sessions will be required for graduation; extension courses will be required each year following the first two resident sessions. A certificate of recognition will be awarded to each student who satisfactorily completes the course. Herbert V. Prochnow, assistant vice-president of the First National Bank of Chicago, has been named director of the school.

Bay State Mutuals Authorized to Create Special Fund

The mutual savings banks of Massachusetts have been authorized under recent legislation to establish a corporation through which investments may be made in various types of securities. It will be known as the Savings Banks Investment Fund.

In addition to authority to make the usual loans secured by mortgages on real estate when insured by FHA, and to invest in public funds previously eligible, the act further broadens the scope of investments in corporation bonds within any of the 48 states, if quoted in recognized security markets. There is, however, a limitation upon the amount of yield and the percentage of the corporation assets to be invested in given issues.

The corporation will have no capital stock. Ownership will be represented by shares of beneficial interest without par value which may be issued from time to time by its directors, and sold with certain exceptions to savings banks.

Industrial Development

The Bank Management and Research Committee of the VIRGINIA BANKERS ASSOCIATION recently mailed to member banks four charts which provide a quick picture of some of the problems related to the industrial development of the state. These charts were prepared by the Bureau of Population and Economic Research of the University of Virginia, whose purpose in preparing estimates by counties and cities is to obtain a picture of relative per capita income. Member banks were urged to study the causes that produce greater income in one county over another and to direct attention to those counties which show a far less beneficial status.

Rural Life Council

The MISSISSIPPI BANKERS ASSOCIATION is lending financial aid through its membership to the "Mississippi Rural Life Council," an organization headed by Governor Bailey, which has launched a program designed to revive rural community spirit and improve general living conditions for small townspeople and tenant farmers throughout the state. One important phase of the pro-

gram will touch clergymen and laymen of both town and rural communities, appealing for their support in reviving interest in the rural church activities.

Trust Study

The drastic reduction of trust fees and mounting costs of operations over the past few years, is revealed in a study of trust department fee schedules released recently by the MASSACHUSETTS BANKERS ASSOCIATION. This report makes no recommendations as to an ideal fee schedule. Instead, it sets forth schedules adopted in a number of eastern cities that have proven satisfactory, and are now in use.

Auditing Procedure

The WISCONSIN BANKERS ASSOCIATION is creating a manual file on bank auditing procedure for member banks with a series of bulletins devoted to specific operations. Bulletin 1 covered balance sheet accounts, operating accounts, and official reports. Bulletin 2 deals with demand and time deposits, bills payable and rediscounts, other liabilities and capital accounts. The special committee responsible for this material invites consultation on individual auditing problems.

Mortgage Loan Seminars

The MORTGAGE BANKERS ASSOCIATION held two educational seminars last month: an urban mortgage conference at New York University, June 4 to 8, and a farm course at Purdue University, June 25 to 30. Both covered a wide field of subjects relating to the mortgage business—types of loans, security, analysis of lending, FHA loans in all aspects, appraisal and other current and vital topics. The faculties were drawn from leading universities.

Doctor Bills

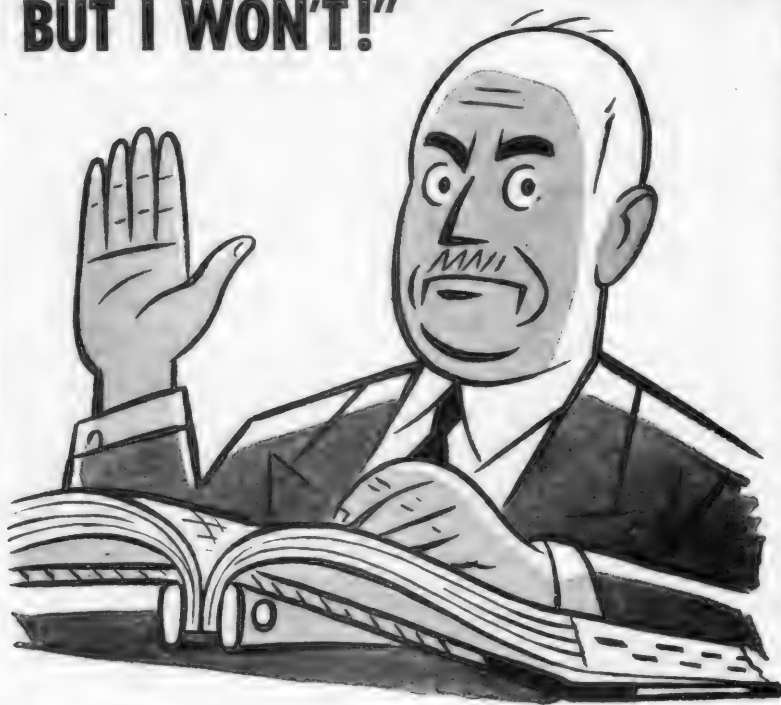
A contract recently negotiated by the OREGON BANKERS ASSOCIATION with the Oregon Physicians' Service makes

The incoming president of the New York State Bankers Association, Bernard E. Finucane, greets New York financial writers at the association's annual "meet the president" reception for the press



CHARLES AGNIS

"Credit Loss History May Repeat BUT I WON'T!"



AFTER WORLD WAR ONE credit losses climbed quickly. In just three years... as the accompanying chart shows... the number of commercial and industrial failures jumped to 367% of the 1919 total; current liabilities involved soared to 551%.

WILL HISTORY REPEAT? No one knows. That's why thousands of banks recommend Credit Insurance to their customers... and many banks insist on this added protection in the granting of loans.

American Credit Insurance places a definite cash value on accounts receivable for goods shipped... guarantees that they will be paid... *and this protection now can be extended without charge to include the bank as a named assured.* Write now for more information to: American Credit Indemnity Company of New York, Dept. 45, First National Bank Building, Baltimore 2, Maryland.



J. H. Fadden
PRESIDENT

**American
Credit Insurance**

**Guarantees Payment
of Accounts Receivable**

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

available full coverage medical, hospital, and surgical service to all employees and officers of member banks. Payment methods are optional: in full by the employee or the bank or on a share basis. Cost is set at \$2.50 per month per person.

In Other States

The Committee on Safe Deposit Activity of the VIRGINIA BANKERS ASSOCIATION has released a set of "Rules and Management of Safe Deposit Vaults" based upon a thorough study of the subject. Some 23 suggestions are made for insuring efficient and successful management. . . . COLORADO BANKERS ASSOCIATION received statewide publicity on its public pledge supporting the A.B.A.'s Post-War Small Business Credit Commission by routing a news release to local editors through member banks. This plan will be carried on consistently as newsworthy items develop. . . . A report on post-war employment prospects in Ohio, covering the 12-month period after V-E day, issued by the state's post-war program commission, has been reprinted for member distribution by the OHIO BANKERS ASSOCIATION. . . . A survey and study of lending practices of Indiana Banks in agricultural communities was recently undertaken by the Agriculture Committee of the INDIANA BANKERS ASSOCIATION. . . . The ASSOCIATION OF RESERVE CITY BANKERS has published a list of studies under its financial research program now available in booklet form. Two new major studies are now under consideration, one covering agricultural financing, and the other urban real estate credit.

The human body is remarkably sensitive. Pat a man on the back and his head swells.

Civilization is a slow process of adopting the ideas of minorities.

There was a time when the world was flat only at the poles.

We think the juvenile problem is not so much one of ruling youngsters with a firm hand as using a firm hand with a ruler.

We want little out of World War II, and we may get less.

Remember way back when a home used to be a place you could eat at as well as sleep.

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"How Bataan's Angels of Mercy finally *SPROUTED WINGS*"

Based on a true story taken from the war record of the Curtiss Commando



"Three Dreadful Years in Santo Tomás had just about robbed us of all hope. Then, at long last, the Americans burst into Manila. And we were free! Soon, 80 of us, including 71 nurses, were driven outside Manila. There, to our amazement, a huge Commando was waiting on a boulevard. Somehow all 80 piled into that 40-passenger transport, each with 25 pounds of baggage. Then down the boulevard, and around a dog-leg turn, we roared. How that transport, with its double load, ever got off the ground, I'll never know. But suddenly we were air-borne. We had sprouted wings . . . wings of freedom. We were going home!"



THAT'S WHY I'M FOR THE AIRLINES THAT

Fly Commando!

Higher Capacity. The Commando, world's largest, fastest, twin-engine transport, carries a greater pay load of 36 passengers . . . economically. Twin engines mean a smaller initial investment, savings in fuel consumed, lower fixed costs and maintenance costs. Result . . . a high capacity transport with low ton-mile operating cost, for the airlines that *Fly Commando!*



Keep Your Transports Up and maintenance costs down with Commandos. All parts are much more easily accessible for repair or replacement. For instance, an entire power unit can be changed in 20 to 30 minutes. Ground time is reduced . . . money-making time in the air is increased.

When Time Means Money, you'll want to Fly Commando, too. It offers greater speed than ever before . . . plus *double* comfort. For instance, you'll find two separate lavatory lounges at the rear of the cabin, and a deluxe sky kitchen up front. Only the Commando combines such complete travel comfort with twin-engine economy.

THE CURTISS

Commando

Today's Great Lifeline
Tomorrow's Great Airliner

**CURTISS
WRIGHT**
FIRST IN FLIGHT

green hand at 9:00



useful employee at 11:30

UNUSUAL? Not at all. Many inexperienced operators have learned to use the National Ledger Posting Machine in less than an hour.

An entirely new principle makes this possible. Keyboard operation, insertion of forms and method of printing are entirely different. Training is simplified and fatigue greatly reduced. There is positive protection against error. The machine makes accuracy compulsory.

No matter what type of ledger posting operation you use . . . dual plan, unit carbon or unit photographic . . . this machine will handle all three.

All records are always neatly posted due to positive alignment of figures both vertically and horizontally.

The result is a statement going to the depositor which is a definite credit to the bank from the standpoint of appearance. There are savings too, in operation, not only because of the simplicity of the machine, but, for example, through the elimination of carbonized journal rolls.

THERE'S A NATIONAL FOR EVERY BANK AND EVERY BANKING JOB

Large bank . . . middle size bank . . . small bank . . . there's a National system to meet every need. Why not take up your problems with the National representative? He will be glad to make any suggestions to help you speed up service to customers and gain maximum efficiency. There is no obligation. National Accounting-Bookkeeping machines are available through priorities.

National

CASH REGISTERS • ADDING MACHINES
ACCOUNTING-BOOKKEEPING MACHINES

THE NATIONAL CASH REGISTER CO.

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Seventh War Loan Drive

The entire record of banks in the Seventh War Loan shows tremendous progress in the art of merchandising. Some of the best "selling" done in the bond drive has been in the banking field.

Obviously, after the war there is going to be a legacy of merchandising experience which will stand the banks in good stead when they face the problems of the future. Staffs are more sales-minded than ever, thanks to the stimulus they have had from selling War Bonds. On this page are a few pictorial examples of promotional ideas developed by the banks in selling the "Mighty Seventh."

In support of the Seventh War Loan drive, the Boatmen's National Bank of St. Louis displayed in its lobby a group of ship models, loaned by the Navy. At right, two survivors of the Mt. Suribachi flag raising on Iwo Jima—PM 2/c John H. Bradley, Pfc. Rene Gagnon, with President Tom K. Smith viewing a Coast Guard cutter model. Mr. Smith is chairman of the A.B.A.'s Committee on War Bond Drives



Captured Japanese weapons are displayed at the Crocker First National Bank of San Francisco, below. Main panel of exhibit depicts historic flag-raising scene atop Mt. Suribachi. Oil painted cut-outs and background equipped with flashing lights give realistic impression of battle



Bank women of Seattle hold rally, above, left, in drive to sell \$8 million in bonds to pay for a "Destroyer from Seattle" and provide recreational and athletic equipment for U. S. Destroyer Gurke. Officers and crew at rally received check for \$1,500 for welfare fund



President Robert B. Newell, of the Hartford (Conn.) National Bank and Trust Co., presents a complimentary bond to Mrs. Marion L. Starkweather, above, a Pratt & Whitney Aircraft employee at East Hartford and purchaser of one-millionth bond from bank

Lieutenant J. Hall Schenck, USAAF, at right, below, a veteran of 25 bombing missions, explains the famous Norden Bombsight displayed for the first time in Ohio in the lobby of the First-Central Trust Company of Akron



Bond booth on the street at the side of the main office of the Bankers Trust Company, New York, at right, in a copy of a General Sherman medium tank is manned by two young ladies, who are regular members of the bank's staff



Lawrence F. Stern, president, American National Bank and Trust Co., Chicago, and chairman, Chicago-Cook County Seventh War Loan Committee, with airline stewardess, Janice Enright, below, right, reviewing battlefronts on the "President's Globe," displayed in the bank's lobby



**ORGANIZER
OF
"FACT-POWER"**



HE frees bank operations from the bane of *idle facts*

What is unusual about this man?

It's his ability to inject *control* into banking records . . . to give them "Fact-Power".

Unless they provide the means of control, your records are a mere history. They *fail to indicate* in themselves what action should be taken, and when. This means that thousands of loan, collection and other decisions must wait upon analysis of recorded facts.

In modern banking practice, sight analysis has been made possible by the development of Kardex Graph-A-Matic charting sig-

nal control, and is now saving valuable man-hours every day where officials have called in the *Systems Technician*. While providing the all-important control, this man is also able to simplify and consolidate duplicated and over-lapping records. He can design them to eliminate waste effort, house them for faster, easier reference, and protect them from fire at the point of use.

Through knowledge interchanged with his hundreds of colleagues, he offers you the accumulated record-control experience of leading organizations everywhere. He is at our nearest Branch Office, and can go to work for you today.



KARDEX IS 1

... 1 among many methods and types of equipment from which the Systems Technician selects and combines those best suited to individual needs.

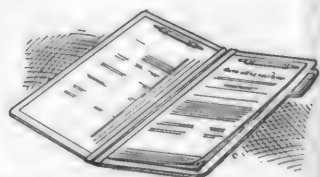
LABOR SAVED =



VISIBLE "charting" assures prompt follow-up of delinquent installment loans. It is ready for vastly increased consumer credit activity . . . with the efficient record control essential to realization of maximum net earnings. Requirements dictate methods, but one of the best comes from the *Manchester Bank, St. Louis*. This Kardex combines credit and ledger records, eliminating cross reference and signalling overdue payments with Graph-A-Matic control on visible margins. User reports labor of two clerks saved on follow-up alone. Records are housed in Safe-Kardex for point-of-use fire protection.



COL-VELOPES work double to bulk banking-by-mail at low cost. With this new style, self-mailing return envelope, the depositor fills out the "Mail Deposit Slip" and the "Mail Deposit Receipt," the latter being initialed and returned by the bank in the next Col-Velope. This system lowers stationery costs, saves handling time, evens out level of work. Full-size deposit slips facilitate sorting, and checks are received unfolded, ready for speedy processing. The best way to open up a new field of deposits.



KOMPAKT Fastener Mortgage Folder keep papers in order and save vault space. The East Brooklyn Savings Bank like many others, recently modernized its mortgage file with this ingenious system. Folders hold records flat in unfolded position, all papers being secured at top by strong KompaKT Fasteners. Flat filing often saves 50% or more of space in crowded vault files. Extension agreements and other documents fasten the mortgage and cannot be mislaid. Clear indexing assures fast, easy availability.

**SYSTEMS DIVISION
REMINGTON RAND**
315 Fourth Avenue, New York 10, N. Y.

COPYRIGHT 1945, REMINGTON RAND INC.

METHODS *and* IDEAS

JOHN J. McCANN

Ad Technique

EVERY advertising man relishes each new instance of a conservative institution's use of an advertising style or manner that is radical and novel, says a recent issue of *Printer's Ink* in comment on the new techniques adopted by many banks and trust companies in merchandising services—particularly to small business.

One up-state New York mutual, the TROY SAVINGS BANK, has gone a step further, picking the woman in the home as the keeper of the family treasury and as an important prospect for a saving account—and then appealing to that woman with art, layout and copy that imitate and adapt the department store technique that has so successfully sold household goods and women's ready-to-wear. To all appearances, it would pass for a fashion advertisement, but the signature slug and the message quickly establish the identity of the bank.

Women Sell Bonds

The Savings Bank Women of the (New York) Metropolitan Area are enrolled as Blue Star Brigadiers with the Treasury's War Finance Committee.

This group is one of two bank women groups (Seattle is the other in the country) working as a unit in the sale of War Bonds.

During the first half of the Seventh

During rush hours at the First National Bank and Trust Company, Tulsa, Oklahoma, a young lady directs lobby traffic over the public address system. This month she is also making appropriate announcements about the bank's 50th anniversary

War Loan campaign the bank women made over 10,000 sales to individuals aggregating \$2,599,483. Nine hundred and eighteen savings bank women from 48 banks and affiliated groups in New York City and Westchester County enrolled to sell bonds. Each of the 48 banks and other groups has a captain and all work under the direction of Hilda M. Hoffman, War Bond drive

chairman and statistician of the Bowery Savings Bank.

During the Fourth, Fifth, and Sixth War Loan drives this group of bank women made a combined total of 39,750 sales amounting to \$9,964,650 to individuals and non-banking corporations. They take no credit for sales made over the counter to regular bank customers,

(CONTINUED ON PAGE 79)



A COMPLETE financial service for correspondent banks, developed through more than eighty years of conservative banking is offered by The First National Bank of Chicago.

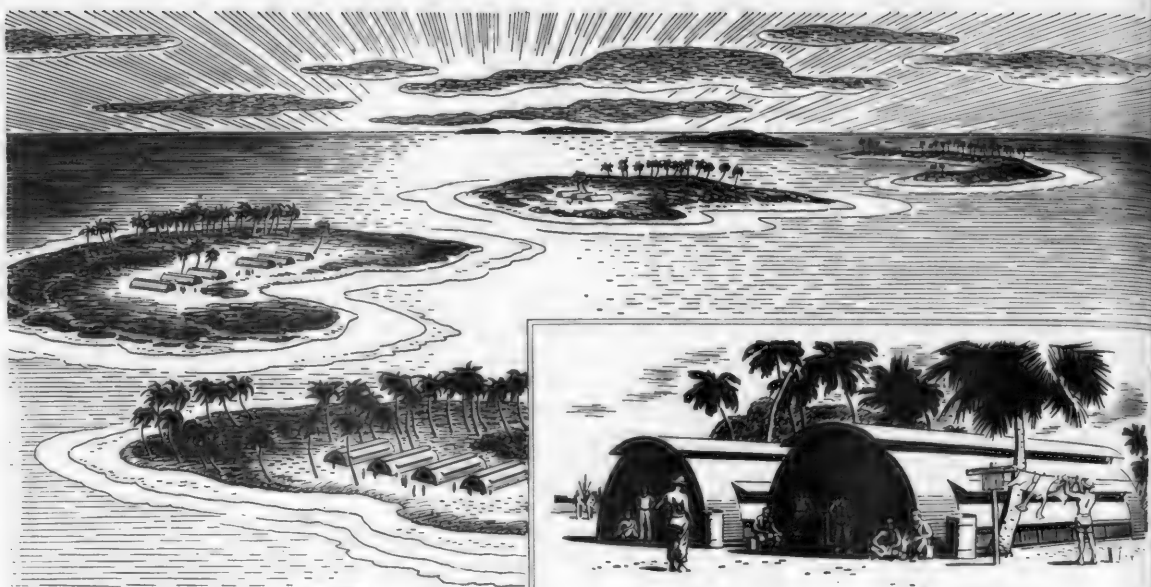
Inquiries relative to any phase of this service are invited and will receive prompt attention.



The First National Bank
of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





Quonset Huts - milestones on the road to Tokyo

Guadalcanal and Rendova . . . Makin and Tarawa . . . Kwajalein . . . Saipan and Guam . . . Iwo Jima. These names tell the story of hard-won victory on the beaches, of island bastions wrested from Japan by the rising tide of American power in the Pacific.

Along this stepping-stone route to the Rising Sun are Quonset Huts . . . tens of thousands of them . . . erected by Seabees to house the men, materials and activities of advanced base operations. Are barracks needed . . . or a command post, weather station, repair shop or bomb assembly shed? In come the Seabees . . . and up go Quonset Huts! All told, a hundred-and-more uses have been found for these efficient, adaptable buildings that mark the road to Tokyo. They are the milestones of progress in the East.

As the manufacturer of the famous Quonset Hut for the Navy, Great Lakes Steel Corporation has put to good use its many years of experience in serving the prewar building industry. Versatile Stran-Steel—magic material of the Quonset Hut—is a Great Lakes Steel development that promises new economy, permanence and value in all types of peacetime building.



GREAT LAKES STEEL CORPORATION

STRAN-STEEL DIVISION • 37TH FLOOR PENOBSCOT BUILDING
DETROIT 26, MICHIGAN

UNIT OF NATIONAL STEEL CORPORATION

STRAN-STEEL FRAMING

Versatile • Easy-to-Use • Permanent • Fire-Safe

Proved in the all-purpose Quonset Hut . . . adaptable to peacetime buildings of many types . . . Stran-Steel Framing represents an important advance in building construction methods. It combines the permanence and fire-safety of steel with the flexibility of nailable materials—for you nail to Stran-Steel. Tomorrow's greatest values in homes, farm buildings and other types of structures will be framed with Stran-Steel.

The Road Is Hard and Long—KEEP BUYING WAR BONDS

METHODS—Continued

out rather do the majority of their selling in the house-to-house canvass.

Dorothy H. Hyland, assistant treasurer, Dry Dock Savings Institution is chairman of the Savings Bank Women of the (New York) Metropolitan Area.

Estate Planning

THE LINCOLN NATIONAL BANK of Cincinnati has released an attractive brochure titled "Your New Responsibility to Your Family"—highlighting several current problems of estate conservation and a general outline of the bank's estate planning service. The cover carries a striking tip-on photographic print, and the text is a model of modern typography, set in readable size, well-spaced, and clearly indexed.

Advisory Center

Bridgeport (Connecticut) banks and lending institutions are among the recent citywide groups to establish a community advisory service center to screen veteran's applications under the GI law. This organization, under the chairmanship of Charles W. Bitzer, vice-president of the BRIDGEPORT-CITY TRUST COMPANY, has launched a six-point program: (1) A sound public relations policy to counteract the present misunderstandings in regards to the rights and benefits of the GI loans; (2) an educational program for the community in the procedure of handling these loans as required by law; (3) an agreement on matters of general policy, so that all cases will be handled uniformly, and all questions answered without contradiction; (4) a training program for loan officers of each institution; (5) familiarize all employees of each institution with pertinent facts of GI loan provisions; and, (6) competent loan counseling service.

The advisory center has been placed in the charge of Major G. Gresham Griggs, who has a background of some 25 years of financial experience, and is a veteran of World Wars I and II. The major heads a representative working organization with one officer from each institution on a finance committee.

Seven commercial banks and trust companies, five mutual savings banks and six savings and loan associations are united in this program.

GI Booklet

A new 16-page booklet on GI loans has just been published by the SECURITY-FIRST NATIONAL BANK of Los Angeles. It presents in question-and-answer form a digest of all phases of the veteran

loan plan. Small line sketches, printed in red and blue, are sprinkled through the folder, creating a lively, interesting appearance. The opening pages are devoted to general information on the Servicemen's Readjustment Act of 1944, followed by special sections devoted to home, business, and farm loans. An earlier booklet on GI loans, published by the bank, covered GI home loans.

Deposit Analysis

Anticipating a considerable shifting

of bank deposits in the fifth district following V-J Day and through the reconversion periods, the Federal Reserve Bank of Richmond has issued in booklet form a series of charts and forms designed to help banks analyze the ownership of its deposits by classes of holders, as a working basis for future investments and lending policies. When such an analysis is made, it is possible for a bank to work out a conversion of funds which will enable it to meet any situation that may arise. This task is indis-



**SOMETIMES SHE WILL ASK
YOUR HELP ON LONG DISTANCE**

Most of the time Long Distance completes your calls while you remain at the telephone. Service generally is prompt and courteous and friendly. . . . But there are still occasions when some lines get overcrowded and people are waiting. Then the operator will ask your help by saying—"Please limit your call to 5 minutes."

BELL TELEPHONE SYSTEM



PEOPLE NEED HELP

when they plan to open stores . . .

BANKS WANT FACTS

when they loan
money to prospective store owners



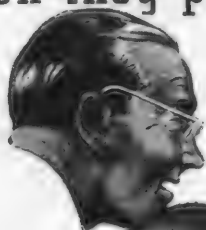
Butler Brothers has long helped people get started in retail store operation. Today there are over 2000 Home-Owned Butler Brothers Distributor Stores in the U. S., known as Ben Franklin Variety Stores and Federated Dry Goods Stores. Butler Brothers has steadily increased the requirements every prospective store owner must meet. That is why both

Ben Franklin and Federated store owners have proved to be substantial customers of their banks worthy of occasional financial assistance.

So that banks may be guided somewhat in counseling those who wish to make a capital loan to open variety or dry goods stores, Butler Brothers has prepared a booklet, "Danger—Men Dreaming" especially for the information of loan departments. Write for your free copy to Dept. BKG, Butler Brothers, Randolph and Canal Streets, Chicago 80.

BUTLER BROTHERS • CHICAGO

NATIONAL DISTRIBUTORS OF GENERAL MERCHANDISE



pensable in view of the abnormality of certain types of deposits, particularly government and war industries.

Hands Across the Sea

The FARMERS BANK OF THE STATE OF DELAWARE, Dover, has run an interesting series of newspaper advertisements featuring action photographs and letters received from former staff members now in the armed forces. Recently, Technician Sergeant Robert Roe of the FARMERS BANK visited a Barclays Bank branch in Dover, England; had his picture taken with the branch manager; who addressed a message to the sergeant's friends back home. That visit and the patriotic message was a "natural" tie-in for the opening of the Seventh War Loan drive. The bank used the picture and reprinted the letter in an advertisement headlined: Dover, Kent County, England and Dover, Kent County, Delaware, banks join in friendship for a common cause—to defeat the enemy and win the victory.

Space Aplenty

Perhaps the public relations of banks are more easily handled in small communities, but that is where leadership is often found, observes a recent issue of *Public Relations News* in citing the program adopted by the PATCHOQUE (Long Island) CITIZENS BANK & TRUST COMPANY:

The bank occupies a large building erected in the Roaring Twenties, a much bigger home than the bank needs today. A substantial part of it will be turned over for non-profit community activity. A Catholic school will hold some of its larger classes in the bank . . . A Protestant forum meeting will move in . . . community drives will make the bank their headquarters . . . a telephone answering service will be installed and members of the community will make their appointments there . . . a program for educating parents on the problems of juvenile delinquency is being organized with meetings in the bank.

A photo-copying machine has been installed to serve the community at cost. All photographs of servicemen and women are copied free and there are 3,000 of them out of a population of 15,000 in the shopping area.

These are a few of the plans contemplated by a public minded small bank to make itself the center of community activity . . . to prepare for the day of greater post-war activity which it anticipates by special saving clubs to provide funds for home building rehabilitation and business expansion.

(CONTINUED ON PAGE 84)

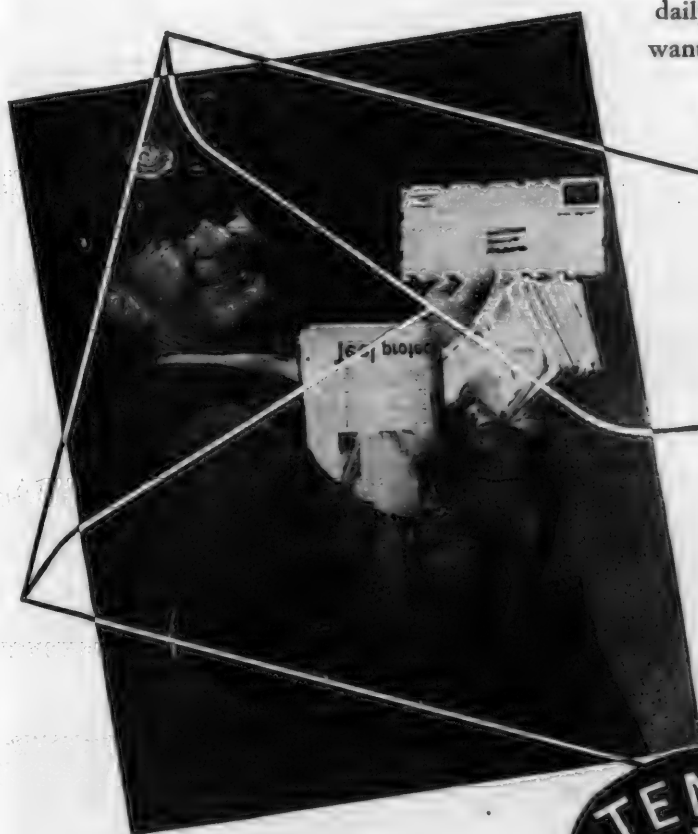
Plan on using 90,000 "MAIL" Salesmen

Be sure that your post war plans include direct mail contacts with your customers—old, new and prospective.

They're making post war plans themselves, and they want to hear about yours—maybe they've already heard about your competitors'.

Tell them about your products and your sales plans! Keep your bid for future business in active circulation. While you may have little to sell, and your salesmen may be few, let the "MAIL" Salesman travel for you.

There are 90,000 Postmen calling daily on the very people you want to reach. *Use them*, and have customers on the dotted line when you've something to sell again.



TENSION KNOWS HOW to make better envelopes for every business need—and Tension envelopes have carried the vital communications of thousands of important industries for over 60 years.



*Manufacturers Selling Direct
to the User*

TENSION ENVELOPE CORP.

*MINNEAPOLIS 15, MINN., 500 S. 5th St.

NEW YORK 14, N. Y., 345 Hudson St.,

*DES MOINES 14, IOWA, 1912 Grand Ave.

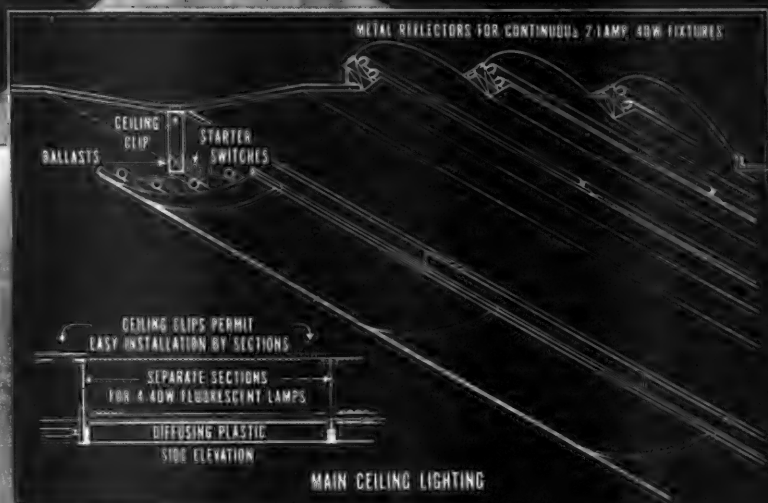
*ST. LOUIS 3, MO., 23rd & Locust Sts.

*KANSAS CITY 8, MO., 19th & Campbell Sts.

*Originally Berkowitz Envelope Co.



Wall-to-Wall



No investigation has been made by General Electric Company regarding the patent situation in the design or construction suggested herein in this advertisement.

Here is a lighting design adaptable for use in any office, store, or school, or to the conversion of ballroom, club, or theatre.

LIGHTING

for Tomorrow's Office

GENERAL ELECTRIC presents another postwar lighting perspective with particular application to office space . . . by Louis E. McAllister, Philadelphia.



Says Mr. McAllister:

"To increase the efficiency and add to the comfort of office personnel, many changes will be made in tomorrow's offices.

"And one of the most flexible tools for such modernizing work is **LIGHT!**"

"In planning for general office space, long lines of soft, cool fluorescent light have been utilized to provide the effect of spaciousness . . . together with a cheerful atmosphere for work. These might be fitted to interiors of varying size by using standardized, pre-fabricated sections of light as indicated in the accompanying detail drawing. The overall result: Wall-to-wall lighting that promotes better handling of paperwork, with less eyestrain."



For additional details on Mr. McAllister's ideas on lighting for tomorrow's office, write for a copy of the new booklet, "Wall-to-wall lighting". Address General Electric Co., Dep't. 166-B7, Nela Park, Cleveland 12, Ohio.

THE CONSTANT AIM OF G-E LAMP RESEARCH
IS TO MAKE G-E LAMPS *Stay Brighter Longer*

G-E MAZDA LAMPS

GENERAL ELECTRIC



BUY WAR BONDS
AND HOLD THEM

See G-E Radio program: "The G-E All-Over Circuits," Sunday 10:00 p.m. EWT, NBC; "The World Today" news, Monday through Friday 8:45 p.m. EWT, CBS; "The G-E Houseparty," Monday through Friday 4:30 p.m. EWT, CBS.

Sometimes the trees get in the way



ROUGHLY speaking, about 9 minutes of every wartime business hour go to waste because of inefficient business forms. Whose fault is it?

Sometimes the trees get in the way of the forest.

Sometimes executives are so close to the problem that what is plain to an outsider is hidden from them. Are the forms too complicated? Do they transmit only essential facts? Is the sequence of entries logical? Does the

typist enter recurring information which instead should be printed?

These are questions the Moore Business Form specialist is trained to answer. He brings experience and a fresh outlook to your business form system. He marshals information; recommends changes; combines forms and doubles them up, so that one does the work of three or four. Then Moore designs the forms and prints in quantities of hundreds or millions.

The nine companies listed below have long been under Moore ownership. Now they are united under the Moore name — the largest company of its kind in the world. Service is nationwide, and available to the corner store or the corporation with many branches.

To speed your war output, to put all hands to work efficiently, perhaps to save thousands of dollars yearly, get in touch with the nearest Moore division, as listed below, or its local office.

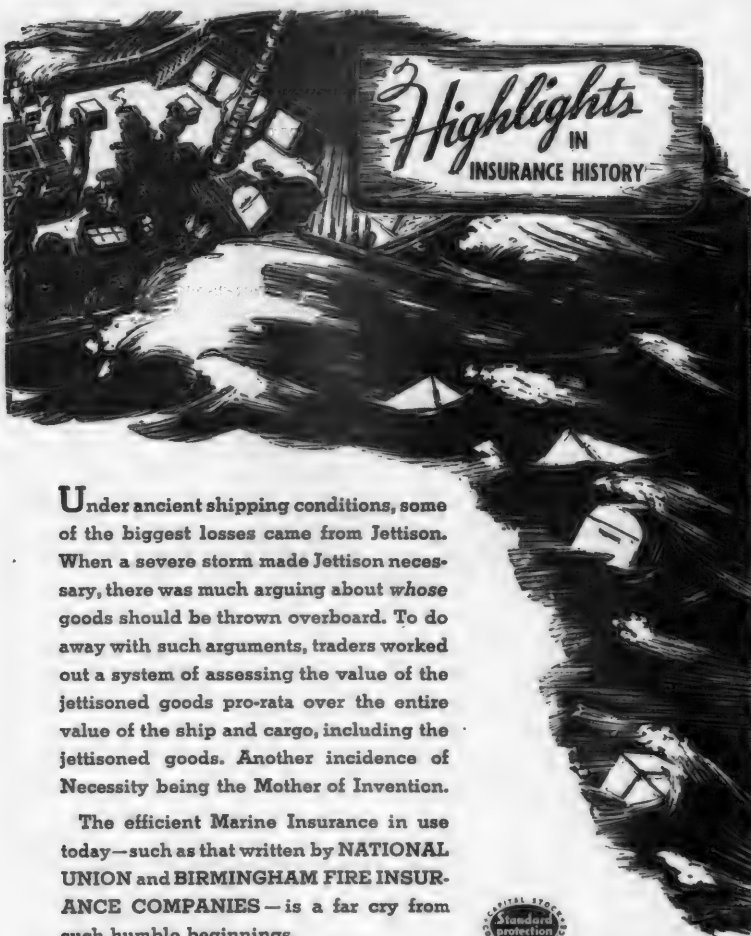
AMERICAN SALES BOOK CO., INC., NIAGARA FALLS; ELMIRA, N. Y.
PACIFIC MANIFOLDING BOOK CO., INC., EMERYVILLE; LOS ANGELES, CALIF.
GILMAN FANFOLD CORP., NIAGARA FALLS, N. Y.
GOSBY-WIRTH MANIFOLD BOOK CO., MINNEAPOLIS, MINN.
MOORE RESEARCH & SERVICE CO., INC., NIAGARA FALLS, N. Y.
SOUTHERN BUSINESS SYSTEMS, INC., ORLANDO, FLA.
In Canada — Moore Business Forms, Ltd., succeeding Burt Business Forms, Ltd., Toronto;
Western Sales Book Co., Ltd., Winnipeg and Vancouver;
National Sales Check Book Co., Ltd., Montreal

MOORE BUSINESS FORMS, INC.

ADV. BY H. W. AYER



Art display in the lobby of the American National Bank of Kalamazoo, Michigan



Under ancient shipping conditions, some of the biggest losses came from Jettison. When a severe storm made Jettison necessary, there was much arguing about whose goods should be thrown overboard. To do away with such arguments, traders worked out a system of assessing the value of the jettisoned goods pro-rata over the entire value of the ship and cargo, including the jettisoned goods. Another incidence of Necessity being the Mother of Invention.

The efficient Marine Insurance in use today—such as that written by NATIONAL UNION and BIRMINGHAM FIRE INSURANCE COMPANIES—is a far cry from such humble beginnings.



National Union

and Birmingham

FIRE INSURANCE COMPANIES

PITTSBURGH • PENNSYLVANIA

METHODS—Continued

To stimulate interest, the Republic gives annual awards for the greatest consistency in savings, regardless of amount involved. In addition, Fred F. Florence, president, gives an annual award of a year's scholarship to Southern Methodist University for the best article on thrift. All expenses connected with the School Savings System are paid by the bank, which submits an annual accounting to the Board of Education.

Art Exhibit

THE AMERICAN NATIONAL BANK OF KALAMAZOO sponsored in its lobby a home showing of the famous contemporary art collection of the Upjohn Company of Kalamazoo. The 14 paintings were subsequently placed with the Metropolitan Galleries in New York City, where they will be on display and then loaned for 30-day periods, without cost, to art museums throughout the country during the next four years.

These paintings are the basis for the series of Upjohn advertisements "Your Doctor Speaks," now appearing in national magazines. In planning the campaign, the pharmaceutical concern listed the most important health problems facing the public. Its representatives then searched art galleries and studios for paintings best suited to dramatize each subject. Copy was written to fit pictures already in existence, thus reversing the usual process of commissioning artists to illustrate subject matter after its preparation.

Handbook

THE FIRST NATIONAL BANK OF SIOUX CITY, Iowa, has published a "Handbook for Financing Your Post-War Living," a 28-page booklet outlining the various types of credit available for the consumer, producer and distributor, from aircraft financing to 4-H Club loans.

Presentation is made as evidence of the bank's 100 per cent cooperation in helping restore a solid peacetime business era to the territory. Each type of loan is appropriately illustrated and explained in separate chapters. Copy, while factual, is written in a merchandising vein, explaining the whys and wherefores and practical application of each loan class. There is, to be sure, an invitation to country banks for servicing large excess loans and the collection of drafts arising out of livestock and grain shipments to the Sioux City and other markets. A memoranda page is also included for listing prospective post-war financing needs to be discussed on the next visit to the bank.



The victory over Germany emphasizes the need of Power to Win to finish the job quickly and completely, concentrating on Japan until our war efforts bring total victory and unconditional surrender. Continental, producer of Power, continues to concentrate on

POWER TO WIN



Awarded to the
Detroit and Muskegon Plants
of Continental Motors
for High Achievement

Continental
Red Seal
Engines

Your Dollars Are Power, Too!
Buy War Bonds and Keep Them

Continental Motors Corporation
MUSKEGON, MICHIGAN

Car Insurance and Bank Loans

(CONTINUED FROM PAGE 39)

being "recognized as the conservative, cold and somewhat unrealistic part of the community structure," the bank becomes known and liked by the "man in the street" and then profitable consumer credit business flows toward those doing the best job in that direction.

Some bankers have asked why insurance agents and the companies they represent should be vitally interested in promoting the direct financing of post-war automobiles. The answer is really

"intelligent self-interest" because with indirect financing the insurance is included in the "finance package" arranged by the automobile dealer. In most cases, the insurance agent, who has all of the other insurance for his customer, is denied the opportunity of servicing the coverage on the financed automobile because of its automatic inclusion in the "finance package."

Many insurance companies are equally anxious to regain insurance on those better credit risks represented by agents'

New Manual Coming

The American Bankers Association, through its Consumer Credit Department, will soon have available a bank manual of operations on the direct method of financing automobiles. This manual gives effect to the bank and agent auto plan.

A nationally known insurance company is preparing a comprehensive motion picture which will illustrate the direct plan in action. National and state associations of insurance agents will also distribute comprehensive material to their agent members.

For families on the move...



1. "When you move back to your home town, Mr. Nichols, you may find lots of changes. Why don't you and your wife carry American Express Travelers Cheques until you establish your banking connection?"



2. "\$600 worth? I believe, for your purpose, you should take six \$50 cheques as a reserve and ten \$20's and ten \$10's for your current expenses. Then your funds will be ready to spend, and safe, too."



3. A week later. "Mr. Nichols of Lake Drive gave you a check? But we don't know him. Oh...an American Express Travelers Cheque! Of course, we'll accept it. That's as good as cash."



4. "There are some mighty fine new people in this town. Everywhere we went today, they were pleasant. And those Travelers Cheques certainly smoothed the way!"

It's this kind of service that makes an ever-widening circle of friends for your bank. For further information about American Express Travelers Cheques or for advertising material, write W. H. Stetser, Vice President, American Express Co., 65 Broadway, New York 6, N. Y.

American Express
TRAVELERS CHEQUES

good customers who formerly financed automobiles on the indirect plan. Some finance companies have bought or organized insurance companies which issue all of the insurance on financed automobiles.

In 1941 the volume written by such specialty insurance companies amounted to more than \$60 million in premiums and a goodly portion of this amount can be regained by local insurance agents who cooperate with local banks in promoting the use of direct automobile financing in the post-war period.

Automobile dealers have been appointed as insurance agents in many states. They receive commissions on the insurance covering financed automobiles which income rightfully belongs to local insurance agents who operate their agencies in the community.

There may be some resistance from local automobile dealers who have become accustomed to selling automobiles on the "package plan" of indirect financing.

THE automobile dealers' factory connections are likewise concerned with the same problems in an attempt to stabilize their production plans to a known demand. Therefore we believe that the same factors of backlog demand that give banks and insurance agents the present opportunity to take their rightful place in the direct automobile financing field will give automobile manufacturers and their dealers the same opportunity to revise their sales techniques for the difficult years that may lie ahead.

With the gathering momentum of the joint effort among progressive bankers and sales-minded insurance agents in the consumer credit field, we see the greatest opportunity for constructively changing the buying habits of a sizable segment of the public.

Large Panels of Douglas Fir Plywood offer Many Possibilities for Attractive Wall Designs



Follow these Simple Suggestions in Planning Wall Designs with Large, Durable Plywood Panels

No. 5 of a Series

Large, light, durable, kick-proof panels of Douglas fir plywood offer scores of possibilities for attractive and unusual wall designs. The bedroom illustrated above shows one architect's application of the suggested treatment detailed at the right. A two-panel treatment is used, with panels placed in horizontal arrangement.

IN PLANNING, WORK FROM THE OPENINGS:

In planning a plywood wall treatment, start at the openings with vertical joints and divide the plain wall spaces in an orderly pattern for the most pleasing effect. Vertical joints should be used at each side of the top of doors and at top and bottom of windows, as in Figures A, C and G. If the width of the wall is 10 feet or less, however, panels may be run horizontally with openings cut out, as in Figures B and E.

SUGGESTIONS FOR SPECIAL PATTERNS:

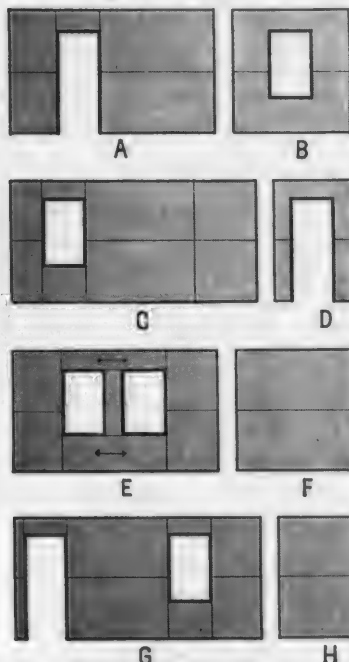
Where special patterns or patterns made up of small panels are desired, the recommended method is to sheath with 5/16" or 3/8" Plyscord placed horizontally, then apply the finish panels (Plypanel or Plywall) as designed. For additional technical data, see Sweet's File for Architects or write the Douglas Fir Plywood Association.

There are three grades of Douglas fir plywood panels made especially for various phases of wall construction. **PLYWALL** is made especially for standard wallboard use; **PLY-PANEL** is a premium panel used for quality interior work where both sides are to be exposed as in built-ins; **PLYSCORD** is a utility panel made for subflooring or sheathing walls and roofs, or for interior walls which are to be covered with sanded plywood, acoustical materials, tile or linoleum.



There are three grades of Douglas fir plywood panels made especially for various phases of wall construction. **PLYWALL** is made especially for standard wallboard use; **PLY-PANEL** is a premium panel used for quality interior work; **PLYSCORD** is a utility panel made for wall and roof sheathing.

Simple Suggestions For An Attractive Wall Design With Plywood



CAN PLYWOOD BE SPECIFIED NOW FOR POSTWAR USES?

The increased capacity of the industry will make **MORE** Douglas fir plywood available for civilian consumption **THAN EVER BEFORE**, as soon as the needs of the armed services lessen or war restrictions are lifted. There will be no reconversion delays; the same types and grades of Douglas fir plywood that are now being made can flow immediately into peace-time building and construction.

DOUGLAS FIR PLYWOOD ASSOCIATION

Tacoma 2, Washington

Heard Along Main Street

The President's Bank

THE Hamilton National Bank of Washington, D. C., of which WILMER J. WALLER is president, had the privilege of serving President Harry S. Truman during his Senatorship and this relationship of bank and customer has continued since Mr. Truman's elevation to the Presidency of the United States.

Although surrounded by innumerable secretaries and administrative assistants of one kind and another, President Truman still seems to prefer to make an occasional visit to the bank to transact necessary business. Recently when calling at the Hamilton National Bank, President Truman stopped at President WALLER's desk for an informal chat.

Mr. WALLER is treasurer of the American Bankers Association.

Bankers in Service Attend D of C Meeting

Since its members are all local men and its meetings involved no railroad and hotel problem, the District of Columbia Bankers Association is the only bankers association able to hold its convention this year.

A feature of the District annual meeting was a shop talk session attended by a group of bank officers who are now in the armed forces and stationed in Washington. SIDNEY F. TALIAFERRO, president of the District association and vice-president and trust officer of The Riggs National Bank, felt that these former bank men would enjoy a contact with their banking colleagues in Washington and those who were able to attend confirmed his sur-

For his alertness in obtaining the license number of a car driven away from a branch office of the California Bank, Los Angeles, following a hold-up, Kenneth Land, left, a cub scout, is shown receiving a \$500 War Bond from Alex H. Smith, the bank's cashier. Scout Land was in bed with measles when award was made



Former bank men now serving in the armed forces and stationed in Washington attend District of Columbia Bankers Association convention. Front row, l. to r., Lt. W. E. Peterson, USNR, of Irving Trust Company, New York; Lt. Carroll Gunnin, USNR, of Boatmen's National Bank, St. Louis; Lt. Col. W. G. Barker, Army Air Corps, of Morris Plan Bank, Washington; Lt. L. L. Cox, USNR, of Union Bank of Commerce, Cleveland; Lt. Col. S. M. Reed, Army Air Corps, of Security Savings and Commercial Bank, Washington; back row, Lt. C. E. Treman, Jr., USNR, of Tompkins County Trust Company, Ithaca, N. Y.; Lt. P. R. Dotterer, USNR, of Bank of New York, New York; Lt. Com. B. J. Darneille, USNR, of Suburban National Bank, Silver Springs, Md.; W. S. Renchard, Navy Price Adjustment Board in New York, of Chemical Bank and Trust Company, New York; Lt. S. M. Fleming, USNR, of Third National Bank, Nashville; Lt. Com. Allen Morgan, USNR, of First National Bank, Memphis; Lt. Col. B. D. Bowers, of The Indiana National Bank, Indianapolis.

mise by staying late and evincing enjoyment of the meeting. (See picture above.)

Banker on Okinawa

A *Hartford Courant* dispatch from Okinawa reports that Captain HECTOR C. PRUD'HOMME, JR., vice-president of the Hartford-Connecticut Trust Company, is a member of a Marine civil affairs unit on that island.

In an interview with the correspondent, S/Sgt. G. E. McMillan of the Marine Corps, the captain said:

"After two days in which they recovered from the shock of our bombardment, the Okinawans responded immediately to our friendly attitudes and treatment.

"The civilians we have encountered are mainly farmers, and they seem perfectly willing to forget the battle and return to their fields and their homes. Already they are harvesting seasonal crops.

"One of their most striking characteristics is their respect for property. We directed one family group to take food from a house we were passing along a road. They refused, said simply that the food wasn't theirs to take."

Captain Prud'homme was awarded two letters of commendation for his work with civilians during the campaign for Guam.

Bank Women Meet in Chicago

At a two-day regional meeting in Chicago of the Lake Division of the Association of Bank Women, Edith R.

Wise, assistant cashier of the Garfield (Ind.) National Bank and association vice-president, presided.

Speakers at the conference included Dr. Melchior Palyi, lecturer and economist, whose subject was, "The New Balance of Power in Europe"; Helen Knox, national president of the association, who spoke briefly on the ideas and aims of the Association of Bank Women; and Mrs. Vincent Oliver, a meteorologist who had just returned from Alaska.

Dispatch from Headquarters

Lieutenant-Colonel WILLIAM F. BOGIE, of Northport, N. Y., headquarters commandant and provost marshal of the 13th AAF in the Philippines, has left a Southwest Pacific Jungle Air Force base to return to the United States for rest and reassignment. Colonel BOGIE was assistant editor of *BANKING* in New York City, prior to going into active service in January 1941.

Colonel BOGIE, who had a varied military career in two years in the South and Southwest Pacific areas, came overseas as an infantry battalion commandant and fought in the battle of Bougainville where he was decorated with the Bronze Star medal for meritorious achievement in combat.

At the close of the Bougainville campaign Colonel BOGIE was transferred from the infantry to the 13th AAF as deputy chief of staff of the Service Command. Later, he was promoted to captain.

(CONTINUED ON PAGE 92)



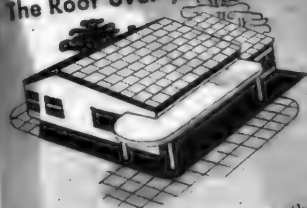
Is this kind of home worth saving for — and Protecting!

When you think of the kind of home you can have tomorrow—think of these practical, proved advantages that can be yours!

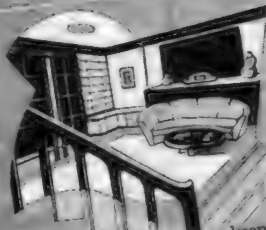
These actual developments are not dream-children . . . nor the products of starry-eyed designers of some "brave

new world" beyond the horizon . . . the overwhelming majority are in existence *right now*, only waiting for the mass demand that will follow the war, plus availability of materials to make them as practical a part of your daily life as a loaf of bread!

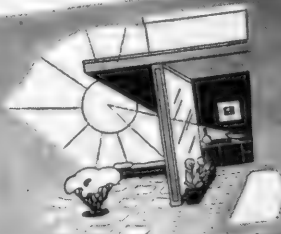
The Roof over your head!



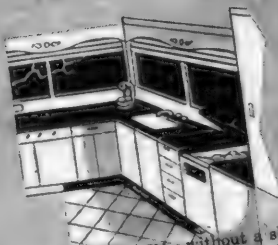
DO YOU KNOW, for instance, that the very roof of your house of the future may never need reshingling—that glass or aluminum shingles are proven practicalities?



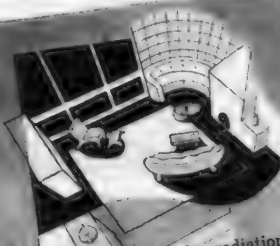
OR TAKE the precipitation, to keep your home practically dustless—proven in practice since 1933—available to you after the war at a price you can afford and at proportionately low maintenance cost.



CONSIDER the possibilities in heating by solar radiation—cutting down fuel bills as much as one-third—that is actually in existence *right now*, made possible by a new kind of sealed double pane window glass.



AND THE KITCHEN—without a sharp edge, with refrigerator and home freezing units recessed and built-in, as part of a plan for convenience that includes every detail—and is air-conditioned for continuous comfort!



OR THINK of that solar radiation being supplemented by radiant heating—heat that fills the room evenly with the cheery warmth of a sunny morning, that comes from floor, wall and ceiling—in use in 500 homes today.

Wait!

These are just a few of the details of your house of tomorrow that make it worth waiting—and saving—for now.

and when they are yours, they will be worth protecting with the surest, most complete insurance you can have . . . quality insurance to equal the quality of your living conveniences.

☆ **THE HOME** ☆
Insurance Company

NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE

War Bonds are not merely a definite help in winning the war—bought systematically, they are an excellent means of saving with interest to buy quality goods later. Why not maintain and expand your regular purchases at predetermined intervals?

MAIN STREET—Continued]]

commandant and provost marshal of the "Fightin' 13th."

After leaving Bougainville, Colonel BOGIE saw extensive action with the veteran 13th AAF that has battled the Japs from Guadalcanal to the Philippines, Dutch East Indies and Indo-China. As provost marshal he has advanced with all the forward echelons of the Jungle Air Force in its march toward Tokyo.

He arrived at a Netherlands East Indies base in the Molucca Islands while the Japs were still battling to hold the island and landed on the single con-

quered air strip while the infantry was fighting Japs only a mile away.

Colonel BOGIE set up his office in a small tent and despite frequent air raids by Jap bombers and fighter planes helped organize the island to enable the fighting strength of the 13th AAF to assemble to hammer the Philippines.

When the 13th's B-24 Liberator bombers started softening up the Philippines for invasion Colonel BOGIE again supervised the arrangements to transfer the 13th AAF to new bases in that section of the Southwest Pacific. He was among the first officers to arrive in the Philippines to take charge of the new base.

In addition to the Bronze Star he has been awarded the Asiatic-Pacific campaign ribbon with four Battle Stars, American Defense service ribbon, and the Philippine Liberation Ribbon with one Battle Star.

New!

Something new in banking is the Retired Bank Officers' Association of Philadelphia. Recently organized, it is headed by HARRY J. HAAS as president. WILLIAM M. GEHMAN, JR., is vice-president. JOHN Y. LEFEVRE, secretary-treasurer, and JAMES HORTON TUTTLE, executive committeeman.



You might call it "SKY ROCKET ACTION"

THROUGH more than 300 correspondents, this Bank has extensive facilities for collection in the Fourth Federal Reserve District, and principal money centers.

Banks which dispatch daily items in a single letter to us, usually save at least a whole day through the swift spread—the "sky rocket" action of our transit operation.

We cordially invite inquiry from banks interested in gaining greater efficiency through concentration of collection facilities.

THE NATIONAL CITY BANK — OF CLEVELAND —

Euclid at East Sixth



and in Terminal Tower

1845—ONE HUNDREDTH YEAR—1945

Member F D I C

Gun Collector

Guns have fascinated ARTHUR EDMOND, cashier of The Waterbury (Connecticut) National Bank, since 1904 when he carved "04" on his first holster which he still cherishes.

Ten years ago, Mr. EDMOND began his collection of fire arms and today has 389 pistols and revolvers, 50 long guns, 75 books on firearms, and many other items, such as powder flasks, bullet moulds, etc. His most ancient gun is a 17th Century Oriental matchlock pistol. His heaviest is a 46-inch 36-pound whaling gun, manufactured in 1839. His collection includes a lemon squeezer type revolver, pepperbox blunderbusses, Roper repeating shotgun, etc. Being interested particularly in old guns, Mr. EDMOND has only a few from World War I and none from the war.



Mr. Edmond

His hobby has made him a keen student of histories of guns, firearms industries, and gun manufacturers.

State Bankers Association President—Mississippi, GEORGE J. HAUENSTEIN, vice-president, First National Bank of Hattiesburg.

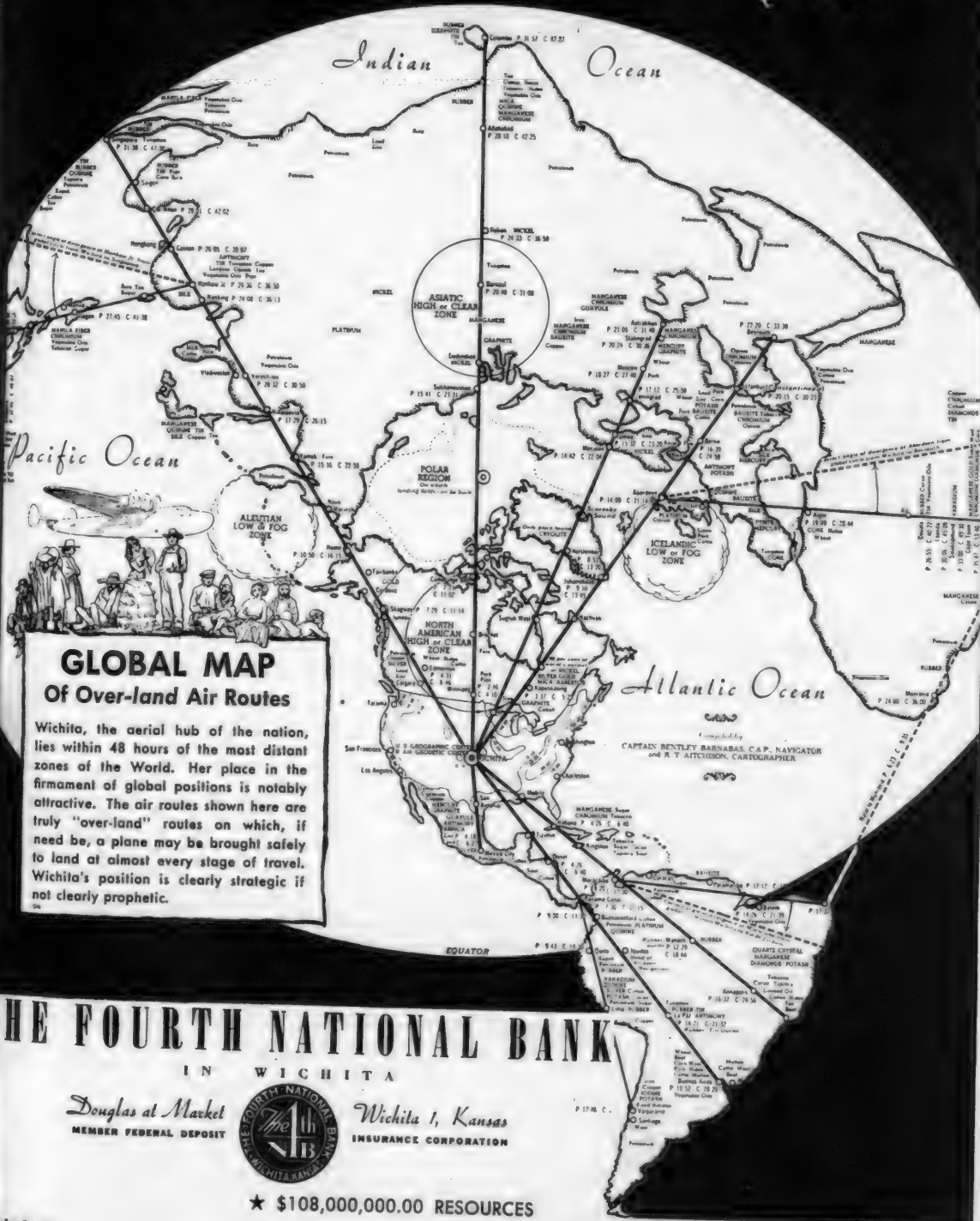
California, R. L. EBERHARDT, executive vice-president, Stockton Savings and Loan Bank.

(CONTINUED ON PAGE 94)

AGRICULTURE
AND OIL *put*
WICHITA ON
THE MAP
... ..

WICHITA has not yet fulfilled her Destiny. What the surging riches that lie beneath and about her will conspire to make at her "D" Day, no one can say. But one thing is sure. Just as The Fourth National Bank in Wichita has matched the city's already mighty strides, so it will summon all its faith and vision and industry to assure her continued growth and prosperity.

THESE THINGS
PLUS INDUSTRY
& DISTRIBUTION
ARE *keeping*
IT THERE
... ..



MAIN STREET—Continued

Wyoming, A. L. KENDIG, vice-president, State Bank of Wheatland.

New Jersey Savings Banks Association, JOHN W. KRESS, vice-president and trust officer, Howard Savings Institution, Newark.

Pennsylvania, RALPH A. GREGORY, president, Third National Bank, Scranton.

Georgia, SHERMAN DRAWDY, first vice-president and cashier, Georgia Railroad Bank and Trust Company, Augusta.

Washington, LEON R. RIGHTMIRE,



Mr. Stone

vice-president, National Bank of Commerce, Seattle.

Massachusetts, ROLAND K. BULLARD, executive vice-president, Norwood Trust Company.

North Carolina, GORDON C. HUNTER,



Mr. Berry

executive vice-president, Peoples Bank, Roxboro.

Wisconsin, JAMES L. STONE, president, First National Bank, Ripon.

Maine, George G. Berry, vice-president, First National Bank, Bar Harbor.

Arkansas, R. H. Dickenhorst, president, First State Bank, Morrilton.

Rhode Island, Rupert C. Thompson Jr., president, Providence National Bank.

Minnesota, George A. Beito, president, Northern State Bank, Conville.

Connecticut, Dwight L. Chamberlain, president, First National Bank & Trust Co., New Haven.

District of Columbia, Bruce B. ... president, National Savings & Trust Co.



Is Your Bank Prepared For Foreign Trade?

FOREIGN trade will constitute an important postwar opportunity for alert banks. Your customers will need banking facilities in foreign countries and data regarding conditions abroad, exchange regulations and credit information.

It is not necessary for you to maintain connections with foreign countries to offer this service. Our Foreign Department will act as your own, supplying you with the facilities and information you require. Moreover, the name of only one bank—your own—will appear on the forms we supply.

This service will save you valuable time in establishing commercial credits, forwarding collections, making payments. The cost is small. Why not consult us now? We are ready to serve you.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON
Member Federal Deposit Insurance Corporation



OUR BUSINESS IS TO HELP BUSINESS

Citations to Bankers

Colonel JOHN WARD WHEELER, leave as a director of The Commercial Bank of Crown Point, Indiana, and chief engineer of highway negotiations of the Chicago, Burlington and Quincy Railroad, has been awarded the Bronze Star. Colonel WHEELER was serving as chief engineer of the 16th Army Corps in the Roer River vicinity of Germany at the time the award was made by Major General John Anderson.

The citation accompanying the award said that it was given because "General WHEELER's untiring energy, and intimate knowledge of the technical capabilities of engineering troops and materials insured that equipment was available to enable combat troops to force a crossing of the Roer when the river was in flood and roads broken down due to spring thaws, and the accomplishment of this vital task contributed to the success of the campaign."

Lieutenant FRANK G. WILLEY, Chief of the First National Bank of Chicago, was awarded the Soldier's Medal in recognition of heroism. The citation reads:

"This officer, with complete disregard for personal safety and with full knowledge of an imminent fuel tank explosion and exploding bombs and ammunition removed two severely burned individuals whose clothing was in flames from the area of a burning P-38 aircraft. The quick thinking, capable leadership, initiative and courageous action on the occasion in rescuing the injured personnel resulted in the minimum loss of life and property possible. The skill and courageous work involved reflect great credit."

(CONTINUED ON PAGE 96)



Don't let a man mortgage his bank account by signing as personal surety.

**Better in every way—
a Travelers Surety Bond**

★

THE TRAVELERS INDEMNITY COMPANY

HARTFORD, CONNECTICUT

All forms of Fidelity and Surety Bonds

MAIN STREET—Continued

credit upon himself, and is in keeping with the highest traditions of the Armed Forces of the United States."

Lieutenant WILLEY's company was awarded the Meritorious Service Unit plaque "for outstanding devotion to duty in the performance of exceptionally difficult tasks, the superior performance of normal duties, and the achievement and maintenance of a high standard of discipline in England, France and Belgium."

More Irving Trust Company of New



Lt. Willey



Cpl. Fusselman



S/Sgt. Mellen



S/Sgt. Beugger

York men who have been decorated for meritorious service:

Corporal HAROLD L. FUSSELMAN has been returned to the States after service on Saipan with the Marine Corps. He

holds the Good Conduct Medal and the China Service Medal, in addition to the American theater ribbon, and the Asiatic-Pacific theater ribbon with two bronze stars.

Staff Sergeant RICHARD H. MELLEN who saw service in the China-Burma-India theater of operations as a radio operator in the ATC before returning to the States, has been awarded the Distinguished Flying Cross with two Oak Leaf Clusters, the Air Medal with four Clusters, CBI Theater Medal with one Combat Star, and the Presidential Unit Citation.

Staff Sergeant WERNER W. BEUGGER was awarded the Distinguished Unit Badge, which is symbolic of the Presidential Citation presented to the U.S. Troop Carrier Force to which he was assigned in the European theater of operations for successful completion of Airborne Army powered aircraft and glider sorties executed in unarmed aircraft over enemy-occupied terrain and against vigorous enemy opposition. Sergeant BEUGGER also holds the Air Medal.

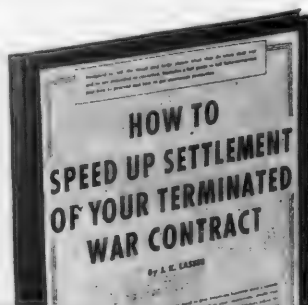


First Lieutenant JOHN J. HUGHES was returned to this country after completing 51 missions over Germany and Austria. He holds the Distinguished Flying Cross and

the Air Medal with three Oak Leaf Clusters.

Paves the way for quicker, smoother settlement of your war contracts—Helps you get maximum allowable amounts

Just Out



HOW TO SPEED UP SETTLEMENT OF YOUR TERMINATED WAR CONTRACT

By J. K. LASSER, C.P.A. in New Jersey and California; Chairman, Institute of Federal Taxation, New York University.

175 pages, 8½ x 11, \$3.50

THIS book shows, step by step, what to do, how to do it, when to do it—how to handle your plant operations, inventories, and settlements before and after you receive a termination notice. A boon to every concern, small or large, doing business under a War or Navy Department contract or a subcontract. Written in the same crisp, point-by-point manner as the author's famous tax guides, it actually blueprints a short cut through the seeming maze of procedures, requirements, forms, etc., you face in termination of your war contract.

Do You Know . . . ?

Is it a good idea to make a formal binding pre-termination agreement?

What to do about inventory after termination?

What Government inventor/ forms you must prepare?

What happens if part of your inventory not disposed of is lost or damaged?

How settlements are made by formula?

How you determine profits when you negotiate a settlement?

• **Complete:** Covers everything; inventories, costs, how to handle contractors, how to make up claims, how to get financing during settlement, how to negotiate a settlement, how to appeal, etc. Includes a full guide for subcontractors.

• **Clear:** Covers subject in many detailed sections, fully explaining each step. Gives all necessary forms. Many check lists, section headings, key questions, to help you find answers quickly, and make sure nothing is overlooked.

• **Authoritative:** The author had all the aid he sought from government officials supervising contract termination; his book gives you informed, dependable instructions.

• **Timely:** Tells what you can do NOW, to be prepared for quickest, smoothest settlement when termination is in full swing and government agencies are crowded with work.

ORDER YOUR COPY FROM

BANKING • Reader Service Bureau, 22 East 40th Street, New York 16, New York

Have You Heard?

The Marshall and Illsley Bank, Milwaukee, has promoted the following officers: EDWARD J. BAUER from assistant vice-president to vice-president; EDWARD SCHROEDER from assistant vice-president to vice-president and manager, South Side officer; CHARLES N. CHRISTIANSEN from assistant cashier to assistant vice-president; SHERBURN M.

(CONTINUED ON PAGE 99)

HOW CAN BANKERS AVOID *Multiple Costs?*



Old National Bank, Evansville, Indiana
As it will appear when completed as conditions permit.

By insisting—when negotiating new quarters—upon a single contract which includes design, construction, equipment, fixtures, decorating, *everything* . . . at a cost **GUARANTEED IN ADVANCE**. Our Single Contract eliminates the need of employing architects, engineers, general contractors, sub-contractors, equipment companies, etc., under separate

contracts. Our Contract covers everything, foregoes any division of responsibility or lack of coordination—both of which frequently spell multiple costs. In short, we assume full responsibility, from the first preliminary plans to the final fitting of the last lock and key . . . at a price determined in advance . . . a price we *guarantee* not to exceed.

Bank Building and Equipment Corporation

OF AMERICA

NINTH AND SIDNEY STREETS • ST. LOUIS 4, MO., U. S. A.

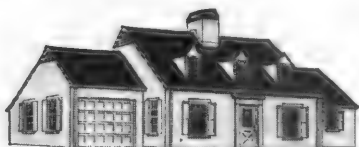
These new, low-cost

ALUMINUM WINDOWS

**add extra value
to any house!**



DOUBLE HUNG and CASEMENT STYLES
17 STOCK SIZES



Once you thought of aluminum windows only in connection with high-priced homes. Today the story is different. They can now be used in homes of every price class.

Thanks to reduced costs of materials, plus newly developed mass production techniques, every new home owner can enjoy the many advantages of ALWINTITE aluminum windows. They will be available in stock sizes—9 double hung and 8 casement—and may be obtained in any of several different muntin arrangements.

While these smart-looking new windows are priced low enough to fit even the most modest building budget, they are fine quality windows of excellent design and workmanship. Their welded joints and tubular construction assures strength and rigidity that will last a lifetime. Their patented built-in stainless steel weather stripping keeps out cold drafts and rain.

When you consider these facts and also realize that ALWINTITE windows cannot rot or rust out, that they never require painting or costly upkeep, you'll readily understand how ALWINTITE windows protect your mortgage investment.

Get the full story on ALWINTITE aluminum windows today. Write for a free copy of our new descriptive booklet, "A Better Sales Outlook."

THE ALUMINUM WINDOW CORPORATION

A subsidiary of General Bronze Corporation

34-27 Tenth Street, Long Island City 1, N. Y.

ALWINTITE

ALUMINUM WINDOWS

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LAURA
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cashier
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of Cle

MAIN STREET—Continued

DRIESSEN from assistant cashier to assistant vice-president and assistant trust officer; STANLEY L. REWEY from assistant cashier to assistant vice-president; GERTRUDE M. JACOBS from assistant cashier to assistant vice-president. The following new officers were elected to assistant cashierships: C. RAY COOK, ALVIN J. RINDFLEISCH, ELMER J. GERLACH, LYLE B. SCHELLINGER, ALGOTT W. ANDERSON.

E. J. MCAULEY has been made president of the First National Bank, Mobile, Alabama. H. AUSTILL PHARR became executive vice-president, TURNER RICE, JR., vice-president and trust officer, and H. E. COALE, trust officer.

EDMUND L. ANDREWS was advanced from assistant secretary to assistant vice-president of American National Bank & Trust Co., Chicago; HOWARD J. JOHNSON was elected assistant trust officer; and EVERETT C. DOVALE was elected assistant secretary.

Dr. JOSEPH E. HUGHES, president of the Washington Irving Trust Company of Tarrytown, has been named to the New York State Banking Board by Governor Dewey. He succeeds GEORGE OVEROCKER, chairman of the board of the Poughkeepsie Trust Company. The Governor also appointed WALTER E. HOPE, New York City attorney and Assistant Secretary of the Treasury under Secretary Mellon, to the board, succeeding Attorney MORRIS L. ERNST of New York.

Recent promotions by the Cudahy (Wisconsin) State Bank: OTTO FRANK to the board chairmanship from the presidency; C. HAROLD NICOLAUS, formerly vice-president, to the presidency; RALPH M. ROSENHEIMER, formerly cashier, to the vice-presidency; and LAURA E. ROTH, to cashier.

O. A. KUHLE, Jr., has been elected a vice-president and A. PAUL THOMPSON cashier of the Central National Bank of Cleveland. Mr. KUHLE is a past president of Cleveland Chapter, American Insti-



Mr. King



Mr. Hanrahan

tute of Banking and was graduated from the A. B. A.'s The Graduate School of Banking at Rutgers University in 1944. Mr. THOMPSON was a member of The Graduate School of Banking class completing its work on June 29, 1945.

W. W. KING has been appointed cashier of the Bank of Hawaii in Honolulu. A native of Salt Lake City, Utah, Mr. KING was connected with the Federal Reserve Bank of that city from 1920 to 1925. In July 1934 he was appointed deputy bank examiner for the Territory of Hawaii, serving in that capacity for two four-year terms. Since 1942 he has been an analyst with the Bank of Hawaii.

WILLIAM R. HANRAHAN has been advanced from assistant vice-president to vice-president of The Lafayette National Bank, Brooklyn, New York.

Let your Home-Town Agent take the "if" out of financing



One of the biggest problems in Bank financing of automobiles

is the big IF affecting the collateral. IF the car isn't stolen... IF the car doesn't burn... IF the car doesn't get smashed... IF the car doesn't get attached for liability resulting from an accident. ☆ At the elbow of every local banker stands a man ready to tackle this IF problem and reduce it to certainty — your Home-Town Insurance Agent. Over 11,000 of these Home-Town Agents represent companies of the Fireman's Fund Group.



STRENGTH • PERMANENCE • STABILITY

Fire • Automobile • Marine • Casualty • Fidelity • Surety

FIREMAN'S FUND GROUP

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WESTERN NATIONAL INSURANCE COMPANY

FIREMAN'S FUND INDEMNITY COMPANY
WESTERN NATIONAL INDEMNITY COMPANY

SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA

Mr. Kuhl

Mr. Thompson



STUART C. FRAZIER has resumed his duties as executive vice-president and a member of the board of the Washington Mutual Savings Bank of Seattle, after 26 months of active service as a captain in the United States Marine Corps.

He saw 15 months of service in the South Pacific, during much of which time he was stationed in the Bismarck archipelago, near New Ireland, as squadron commander of a Marine Corps aviation unit.

Mr. FRAZIER is a former president of the National Association of Mutual Savings Banks and a past president of the Savings Division of the A.B.A.



Mr. Frazier



Mr. Diez

Colonial Trust Company of New York announces staff promotions, as follows: MARIO DIEZ was elevated from assistant vice-president to vice-president in charge of the foreign department; LEROY T. TANFIELD, CHARLES

R. CONKLING, ARNOLD J. COLOMBO and ALEXANDER YELTON were made assistant vice-presidents; ARTHUR B. STEWART, manager of the personnel department, was made assistant treasurer; and JOSEPH J. WILLIAMS, auditor.

The Central Trust Company, Cincinnati, announces the promotion of three officers and the election of five new officers, as follows:

E. GEORGE HEIDACHER, formerly cashier, was promoted to vice-president and cashier; VAL E. BOEH, formerly assistant vice-president, was named vice-president; and DONALD M. GALL, formerly investment officer, was appointed vice-president and investment officer. PAUL C. ARTHUR, trust examiner for the Ohio Division of Banks before joining Central Trust recently, was elected trust comptroller; JOHN O. CHAPPELL, JR., was named assistant secretary; MARCE H. SCHNEIDER, was elected assistant cashier; VERNON D. GIBSON, was appointed assistant cashier; and ELMER E. COOK, was elected assistant investment officer.

CARL K. GIESSE, formerly manager of the Central Trust's foreign and travel department, has resumed his work with the bank after several years of leave to devote himself to special service with the Treasury Department in connection with foreign funds control.

EDWARD W. MASTERTON and WILLIAM H. COY have been elected assistant cashiers, LaSalle National Bank, Chicago.

CHARLES V. SHEEHAN has been appointed a vice-president of The National City Bank of New York. Since joining the bank's staff in 1909, Mr. SHEEHAN has been associated in various official capacities with the overseas division of the bank and prior to his return to the main office spent considerable time in Rio de Janeiro, Brazil, and London.

FRANK S. HARLOW, secretary of the Green Point Savings Bank, Brooklyn, completed 60 years of service with the bank recently. Mr. HARLOW has been a member of several New York State Savings Banks Association committees and is well known throughout the state.

Mr. Sheehan



Mr. Harlow



Complete, Capable, Courteous
— that's the kind of correspondent bank service you may expect from us



Gulf Building

Houston

ALL BANKING AND TRUST SERVICES

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MEMPHIS FACTS



CAPITAL SURPLUS AND UNDIVIDED PROFITS OVER ELEVEN MILLION DOLLARS

That Memphis offers industry many outstanding advantages is evidenced by these factual data. Memphis is:

- World's largest cotton Market
- World's largest hardwood lumber Market
- World's largest producer cottonseed products
- World's largest cotton warehouses
- America's largest producer hardwood flooring
- America's twentieth largest wholesale center
- South's largest producer of mixed feeds
- South's largest distributors drugs and chemicals
- South's key transportation center
- South's fourth largest manufacturing center

UNION PLANTERS NATIONAL BANK & TRUST CO.

Inquiries from Banks and Businesses are cordially invited

Since 1869

MEMPHIS, TENNESSEE

Member Federal Deposit Insurance Corporation

How to Write Letters RIGHT

(CONTINUED FROM PAGE 40)

is much appreciated, and we shall try to be worthy of it during 194— and for many years to come.

★ ★ ★

To business associates of bank:

Dear Mr. Wheeler:

As I look back over the year now drawing to a close, I realize that the cordial business association with you has played a very real part in making 194— such an enjoyable year for me.

This is just a note to wish you a very Merry Christmas, and to express the hope that the New Year will hold for you and your family an abundance of health and happiness.

Thanks to patrons for recommending bank to others:

Dear Mr. Bruce:

It always pleases me when one of our patrons recommends the City National Bank to his friends. This is an act of friendship and confidence which I deeply appreciate.

So I was naturally pleased yesterday when Mr. R. J. Hammond told me that your recommendation had led him to select this bank. In sending you these words of personal thanks, I want to tell

you also that all of us at the City National will do our best to live up to your kind words about us.

Letters of congratulation to bank patrons on significant personal or business occasions:

On a personal occasion:

Dear Mr. Courtney:

It is a genuine pleasure to congratulate you upon your election as president of the Logan County Bar Association. Such a vote of confidence by the members of your profession is a high personal tribute to you.

The other officers of the First National Bank join me in this note of congratulations and good wishes.

★ ★ ★

On a business occasion:

Dear Mr. Carlson:

This is just a note to congratulate you and the members of your firm upon your Fortieth Business Anniversary.

You have every reason to review with pride and satisfaction your fine record of service to the members of this community, during which you have earned an enviable reputation for reliability and fair dealing.

In congratulating you upon this fine record, we also send our best wishes for your continued success. We take pride in the fact that you have done your banking with the First National during a considerable part of your business career, and we look forward to serving you for many years to come.

Letters of the several types here enumerated and illustrated can be written in just a moment or two. All except the notes of congratulation are suitable for mailing to entire groups of bank patrons.

Moreover, the character of these goodwill messages is entirely consistent with the dignity and conservatism of the banking profession. Even a busy bank president can afford to be friendly and cordial; he will have many more friends if he is.

And surely there can be no doubt that friendly letters, showing appreciation of the patron and genuine interest in serving him will strengthen the public relations program of any bank. For wherever people live and do business—in metropolis or country town, in Maine or California—they are still human beings.

MONEY GROWS ON AUTOMOBILES!

It's yours for the picking!

Millions of dollars will spring from the financing of postwar automobiles. Bankers who are prepared for this business will profit. Now—6,000 State Farm Mutual agents are telling their more than 1,100,000 policyholders (who are all preferred risks) to go to cooperating banks for credit when new automobiles are available. Investigate this great profit opportunity for bankers. There is no obligation!

STATE FARM INSURANCE COMPANIES

Bloomington, Illinois



CLIP AND MAIL TODAY!

State Farm Insurance Companies
Bloomington, Illinois
Gentlemen:

B-75

Please send us new free booklet which tells how the State Farm Bank Plan will help us get our share of America's billion dollar postwar car financing business—including the results of your recent survey on policyholders' postwar buying plans.

Name

(Bank)

Address

City Zone State



A Bank's Investment Program

GENERAL principles governing a bank's investment program are outlined in the 1945 report of the Bank Management Commission, Kansas Bankers Association.

The suggested program is "not based upon one's ability to judge the market, but upon the philosophy that you gain more in the end by keeping your funds at work." This principle, together with properly distributed maturities, safeguard the bank against any possible contingency, says the report.

The first step in setting up a pro-

gram, it asserts, is an analysis of deposit liability, and a careful study of larger accounts is urged so that a bank can determine with reasonable accuracy the vulnerability of those accounts and how they will react when the war ends.

"Percentage of liquidity," continues the commission, "will be determined by the extent of the vulnerability of your deposits. . . . We are fully convinced that for the average Kansas bank 50 per cent liquidity is sufficient, although in some cases 55 per cent or 60 per cent might be desirable. Based upon 50 per

cent liquidity, a satisfactory division would be cash and sight exchange 25 per cent and one-year bonds 25 per cent. If you follow this plan your bank would be 75 per cent invested. There would be instances where 20 per cent cash and 30 per cent one-year bonds would be conservative."

With regard to maturities, the report suggests that 90 per cent of the bonds in a bank portfolio should mature in one to ten years; it is "perfectly safe and conservative" to have 10 per cent in maturities beyond 10 years, as those bonds can be justified by savings deposits and public funds.

THE commission suggests that about 55 per cent of the bond account should mature in five years or less. These general observations are made as to the type of bonds which should be bought.

"We do not believe that $\frac{3}{8}$ per cent 90-day Treasury bills have any place in the bond portfolio of the average Kansas bank. The $\frac{7}{8}$ per cent one-year certificates of indebtedness serve exactly the same purpose and more than double the income. Treasury bills are made to order for large Reserve City banks which have large daily fluctuations in cash by reason of large swings in deposits. If you are in an income tax bracket below 40 per cent, and are not paying excess profits taxes, then the fully taxable issues are best suited for your purpose. Otherwise you should give consideration to partially tax exempt and municipal issues. You should take advantage of the opportunities afforded by each War Loan campaign to adjust maturities and acquire desired issues at par."

Discussing possible developments at the end of the war, the commission finds that deposits are unlikely to shrink drastically and swiftly in the normal bank because there will be no immediate use for the funds. Total deposits in the nation cannot diminish until the Federal budget is balanced, an event still some distance in the future.

Also, "the bottom cannot possibly drop out of the bond market because the Government must control the market—certainly for as long as it must go to the public to borrow new funds."

"It would be foolish," concludes the report, "to attempt to forecast what will happen to the market when the war finally ends—and we will not presume to do so. We do think that any reaction will be temporary and that prices will not be carried down sharply."

Hiawatha

A name rich in folk lore
lives on in the war record
of a fleet of great trains.

The Milwaukee Road's HIAWATHAS are on the warpath. Every day these Speedliners transport thousands of passengers . . . speed military and essential travel . . . contribute substantially to Victory. ★ Only ten years ago on May 29th, 1935, the original HIAWATHA made its initial run between Chicago-Milwaukee-St. Paul-Minneapolis. This Speedliner was the forerunner of a series of trains unique in type. Before the war HIAWATHA service had been steadily improved, amplified and extended by popular demand. ★ With the return of peace The Milwaukee Road's passenger service will be further modernized and augmented to serve you even better than in the past.



BUY AND KEEP U. S. WAR BONDS

THE MILWAUKEE ROAD

SERVING THE SERVICES AND YOU



YOUR dreams of a new home must wait on the future. But if you could see all the thrilling advantages that are being planned by American industry for your postwar home, you'd agree that it's well worth waiting for!

- ● And now that V-E Day belongs to history and part of the battle has been won, you'll feel all the more like buying additional War Bonds, both to speed final Victory and to help finance your new home when you're ready to build it.

- ● The modern techniques of functional de-

sign and compact construction which enabled Defoe to build seven different types of fighting ships for the Navy will be converted to producing quality-built homes in the postwar period.

- ● Defoe will produce homes with advantages of beauty, comfort and livability heretofore unknown in their price range. There will be nothing stereotyped, extreme or fantastic in Defoe homes. They will combine functional convenience with a wide range of individual designs, yet give you all the economies of volume production.

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HOUSING DIVISION - DEFOE SHIPBUILDING COMPANY, BAY CITY, MICH.

Defoe

BACK THE ATTACK
—BUY WAR BONDS

SHIPS FOR VICTORY
SERVANTS FOR PEACE

☆☆☆☆ Five White Star Renewal Citations now decorate the Navy "E" Award won by Defoe workers.



HARD WORK AHEAD!

Most of us look forward to a period of hard work and prosperity, yet no wise man thinks the job ahead will be easy. During the past half-century America has come through two world wars. Yet such has been our strength and energy and resource that we have emerged from each of them better, stronger, wiser.

One of the factors in our Nation's successful dealing with these crises has been the readiness and the ability of our financial houses in helping to build and support our productive machinery. Capital to finance a sound business or industry has always been available, thanks to the practice of our financial institutions of sharing in the day-to-day problems of our industrial organizations.

In the days ahead, all of the financial wisdom, experience and resources of the nation will be at the service of business and industry. It may be that your special problem is one of reorganization or refinancing. Whatever the problem, a Partner of Hornblower & Weeks can help you. He is as near to you as your telephone. Consultation involves no obligation and is strictly confidential.

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Face Lifting Main Street

(CONTINUED FROM PAGE 35)

of Slayton, Minnesota—a small town of 1500 population—both the Federal Reserve Bank of Minneapolis and the Northwest Bancorporation have been interested participants on an advisory basis; so have representatives from the University of Minnesota. The Minneapolis branch office of the Ford Company is cooperating by helping a Slayton car dealer lay out a model garage, and General Mills is helping a local merchant plan a model retail bakery.

This advisory cooperation, which has been extended to other communities in Minnesota and Wisconsin, is channeled through the Northwest Research Committee, which is a relatively informal group of bankers, business men, and persons associated with the University of Minnesota and with Twin City newspapers. The committee's interest in encouraging small towns in the Northwest to undertake shopping center face lifting programs is indicated by Cameron Thompson, committee chairman: "As long as these modernizing programs are kept within the limits of local resources and reflect the interest and leadership of local business men, I know of no better single undertaking which is better suited to stimulating sound planning which benefits a community, the individual enterprisers in it, and the people who, as its citizens, want to make their town a better place in which to live. . . . On the other hand, I think we (on the Northwest Research Committee) would be doing any town a disservice if we tried to ram a face lifting program down the throats of a local group where there was clearly no desire or need for such a project."

This spirit seems to be working out in fact as well as theory. In the half dozen northwestern towns where face lifting projects are under way, the Main Street merchants involved, including the local banks, are both footing the bill and calling the shots.

The Bankers' Point of View

Face lifting is still too new a phenomenon to have crystallized any large areas of clear-cut opinion. Moreover, in the absence of building materials, most of it is still in the drawing-board stage.

On the other hand, there are far too many such drawing board projects now finished; too much money put up, either as private capital or bank loans; and too many contracts been let to dismiss it as either a stunt or a fad. At the very minimum, there are a hundred com-

munity face lifting projects, of varying degrees of scope, under way in the United States, with many more in the discussion stage.

And either voluntarily, or willy-nilly, local bankers in each of these places are being drawn into the picture. In the absence of any surveys of banking opinion on the idea, the comments of at least one small town banker are significant. Says John T. Peterson, president of the State Bank of Le Sueur, Minnesota:

EVEN if the average municipal trading center were less in need of modernization than it actually is, I think there will never be another time as good as now to undertake such a program. I see at least four things in favor of a cooperative modernizing program such as the one we are planning in Le Sueur:

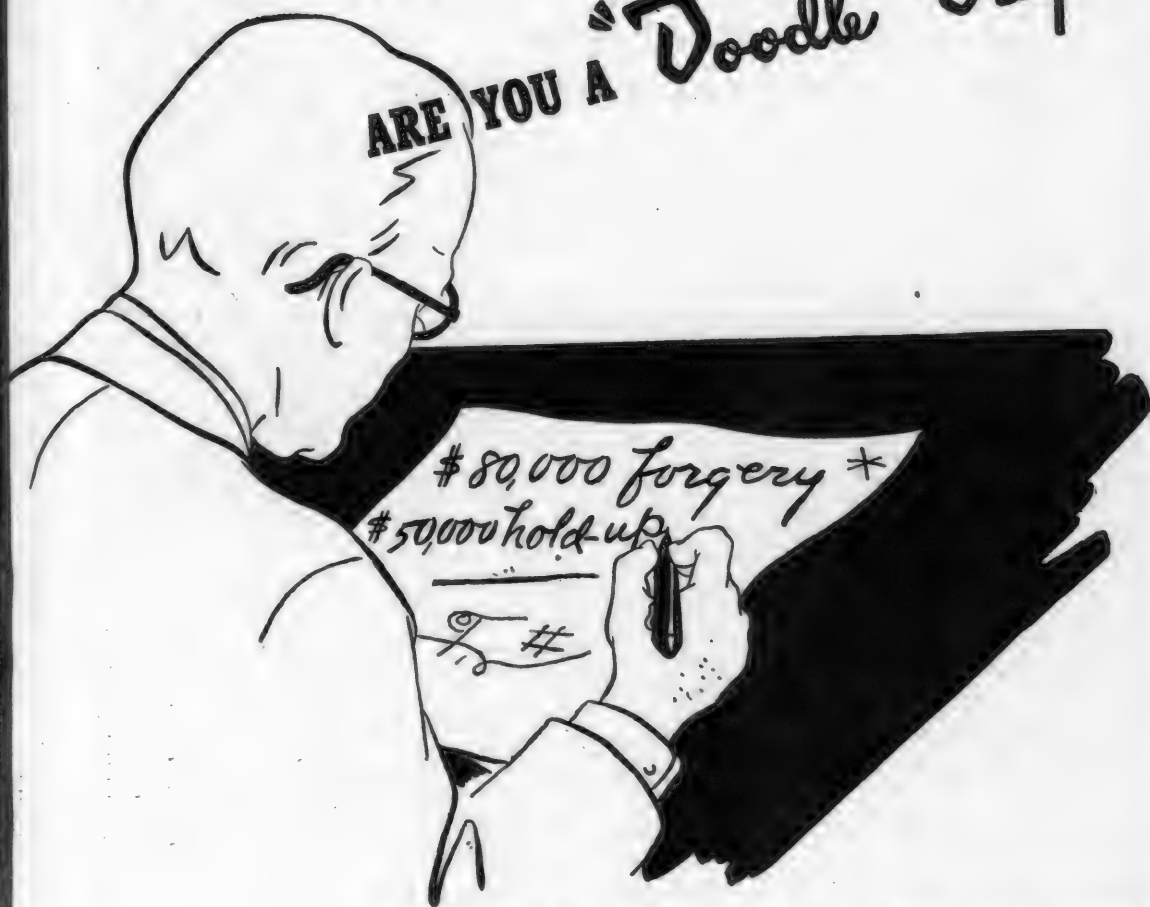
- (1) It will enable us to start off on a post-war commercial business with an up-to-date set of working tools with obvious advantage both to the merchants and their customers.
- (2) It will give any community undertaking such projects an obvious competitive advantage over the towns which simply carry on in the same old ruts.
- (3) The actual work of reconstruction will provide immediate and useful local employment.
- (4) Such a program, beginning in the center of a town, gives the entire community an incentive for modernization and better living.

As a banker I would be hard put to say which of these things are of more importance to a local banking institution, but I'm sure that they are all most certainly on the debit side of the bank and the community's books."

Mr. Peterson's fourth point may, in the final analysis, be the most significant. In the research upon which this article is based the writer found that in every case where a Main Street face lifting project is underway other community improvements, including new zoning programs, new and/or improved schools, parks, hospitals, utility systems and the like are under active consideration as a means of broadening the benefits of the modernization beginning on Main Street.

If the Chinese are correct in their declaration that one picture is worth a thousand words, then pictures such as the ones which accompany this article are indeed valuable literature about America's post-war future.

ARE YOU A "Doodle" Bug?



If you "doodle" as you think, perhaps this worry has filled many a scratchpad! What happens if your cash disappears mysteriously? Who pays when a forged instrument is honored? What insurance do you have as protection against a hold-up?

Bankers who have Indemnity Insurance Company of North America's Bankers Blanket Bond (BBB #24) don't "doodle" about their insurance. They *know* that they have the strongest, most inclusive form of protection now offered in Bankers Blanket Bonds.

North America's BBB #24 can be secured for you by *your* Insurance Agent or Broker. Ask him to explain how it is 23 ways better—point by point.



INSURANCE COMPANY OF
NORTH AMERICA
COMPANIES, *Philadelphia*

INSURANCE COMPANY OF NORTH AMERICA
THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA
CENTRAL INSURANCE COMPANY OF BALTIMORE

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA
NATIONAL SECURITY INSURANCE COMPANY
PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

KEEP AMERICA BUSY—GIVE A RETURNED VETERAN A JOB!

PACIFIC GAS AND ELECTRIC COMPANY

SAN FRANCISCO, CALIFORNIA

SUMMARY OF 1944 OPERATIONS

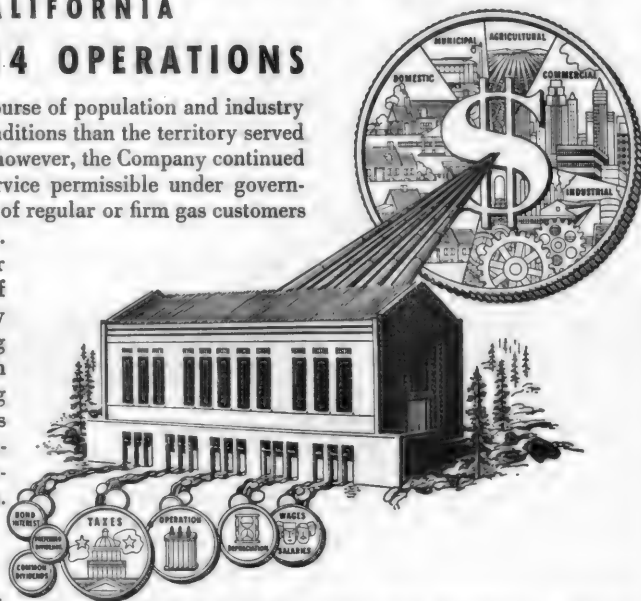
In few areas of the country has the course of population and industry been more vitally affected by war conditions than the territory served by this Company. Throughout 1944, however, the Company continued to meet all demands for electric service permissible under governmental regulations. All requirements of regular or firm gas customers were also supplied without reservation.

With the completion during the year of Pit Plant No. 5, with a capacity of 214,000 horsepower, the Company now operates 65 electric generating plants—52 hydro and 13 steam—with a total installed capacity exceeding 2,300,000 horsepower. Gas service is supplied through an extensive transmission and distribution system, including almost 9,500 miles of mains.

In 1944 the Company delivered to its customers more than 7½ billion kilowatt-hours of electric energy and 125 billion cubic feet of gas.

At the close of the year there were 1,818,250 meters in service, electricity being supplied to 1,039,427 customers, gas to 765,497 customers and water or steam service to 13,326 customers.

In the past five years sales of electricity increased 71% and sales of gas 79%, while the average unit selling price of both electricity and gas declined—electricity 19% and gas 20%.



SOURCES OF GROSS REVENUE

1944

Electric Department.....	\$107,602,690
Gas Department.....	43,304,999
Water Department.....	522,742
Steam Sales Department.....	342,805
Miscellaneous Income.....	318,056
Total Gross Revenue.....	\$152,091,292

DISTRIBUTION OF STOCK OWNERSHIP

DECEMBER 31, 1944

Men Stockholders.....	36,043
Women Stockholders.....	52,080
Joint Tenants.....	24,374
Trust Estates.....	5,460
Corporations, Partnerships, Insurance Companies, Banks and Other Institutions.....	3,118
Total Stockholders.....	121,075

SUMMARY OF CONSOLIDATED EARNINGS STATEMENT

	1944	1943
Gross Revenue.....	\$152,091,292	\$138,981,356
Maintenance, Operating Expenses, Taxes (except Federal Taxes on Income) and Provisions for Depreciation and Other Reserves.....	87,441,842	83,178,865
Gross Income.....	64,649,450	55,802,491
Bond Interest, Discount and Other Income Deductions.....	12,462,932	10,810,407
Net Income before Provision for Federal Taxes on Income.....	52,186,518	44,992,084
Provision for Federal Taxes on Income.....	*30,149,179	22,645,080
Net Income to Surplus.....	22,037,339	22,347,004
Dividends on Preferred Stock.....	8,409,851	8,409,820
Dividends on Common Stock.....	12,523,898	12,523,808
Balance.....	\$ 1,103,590	\$ 1,413,376
Earnings per Share of Common Stock.....	\$2.18	\$2.23
Dividends Paid per Share of Common Stock...	2.00	2.00

* Stated on the basis of current operations, without giving effect to non-recurring tax savings incident to refunding operations.

Post War

The Company recognizes that efficient and successful operation requires forward building. We have that ever in mind, and expect to aid in the continued development of Northern and Central California by encouraging new industries to locate in the territory served, by cooperating with existing enterprises, and by aiding merchants and manufacturers in the solution of reconversion problems. Comprehensive studies are already under way to determine the character and extent of future markets for our services, the physical changes in our properties which will be required, and the opportunities for further improving our service to the public.

[Signature]
PRESIDENT

Copies of the Company's 1944 annual report may be secured on application to E. J. Beckett, Treasurer, 245 Market Street, San Francisco 6, Calif.

Bretton Woods Is Just One Chapter

(CONTINUED FROM PAGE 42)

conclusion of two months of hearings the committee went into executive session, and on May 24 reported the bill out by a vote of 23 to three with five principal amendments.

Amendments *T*HE Secretary of the Treasury has announced that the amendments adopted were constructive and were largely in the nature of clarification. As president of the American Bankers Association, I made a statement that the amendments had considerably improved the bill.

Certain of the amendments were those recommended by the American Bankers Association, including: (1) The setting up of a council, consisting of the Secretary of the Treasury, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Export-Import Bank, the duties of which will be to lay down broad policies for the guidance of the American representatives of the Fund and Bank and act for the United States in those matters in which the articles of the Bank and Fund call for a decision by this Government; (2) the provision that the lending powers of the Bank should be recognized as including the power to make stabilization loans.

The bankers associations in their report had particularly stressed the need for safeguarding the operations of the Fund against possible freezing or exhaustion. The amendments by the House committee attempted to meet this difficulty, first by specifying clearly the limits within which the Fund should operate, that is, "current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions." The clarification of the power of the Bank to make stabilization loans also helped to relieve the Fund from the danger of being frozen.

These proposals go some distance in safeguarding the Fund against possible abuse, though not as far as the proposals originally made by the bankers associations.

The proposal made by the bankers for the merger of the two institutions to assure coordination in policy is met by the new legislation only to the extent that it provides that as far as the United States is concerned a single person will

represent us as governor of both the Bank and the Fund. Other countries may well follow our lead in this matter.

Senate Hearings *T*HE hearings before the Senate will start in a quite different atmosphere than those before the House committee, for the differences of opinion will have narrowed to a smaller area. The hearings before the House com-




Industries needing mineral, agricultural and forest products for the manufacture of plastics will find them in abundance down in Texas. And Houston is Texas' leading industrial city. But for banking in any field, First National is your logical choice because it has played such an important role in the industrial development of this area for over three-quarters of a century. Your account is invited.

Biennial Review *F*URTHERMORE, the legislation provided a thorough-going review every two years by the council to the President and Congress of the operations and policies of the Fund and Bank with a view to determining whether these operations and policies are consistent with the policies and interests of the United States.

First National Bank

In Houston

MAIN OR FANNIN
AT FRANKLIN

MEMBER
FEDERAL DEPOSIT INS. CORP.

mittee appear to have made it clear that the general purposes of the Bretton Woods plan are approved by a substantial number of informed and responsible people, all in fact, except a minority. The bankers associations have, I believe, demonstrated amply that they are not seeking to wreck the program, but are desirous only of assuring its effective and sound operation.

Also, the possibility of modifying the proposal by interpretation or by arrangement for later amendment has now been conceded by the acceptance by the House committee of amendments to the bill of enactment which are likely to

have a substantial effect on the administration of the plan.

Under these circumstances the questions before the Senate committee are freed from certain of their controversial elements and come down to a sober consideration of the details of the Bretton Woods agreement to determine whether the House amendments are adequate or whether further changes are desirable.

A second series of questions which the Senate committee may well canvass relates to the broader aspects of the program of which Bretton Woods is just a part. After all, the solution of the world's problems will not be found in this mechanism

alone, for no matter how well operated, deals with but one group of questions of a whole complex economic situation. A number of witnesses before the House committee pointed out that without a leveling of trade barriers, the Bretton Woods proposals alone cannot be effective in reducing destructive economic warfare. A trade agreement between the nations will reduce or eliminate quotas and discriminatory trade practices is an essential part of this whole program.

Export-Import Bank

A question concerns the other mechanism or resources by which the United States shall contribute to world reconstruction. President Roosevelt's message to Congress early in February recommended an increase in the capital of the Export-Import Bank from \$700 million to \$2,200 million. Logically, action of this sort should have preceded the Bretton Woods program, for it will be a number of months before the Bretton Woods institutions can be put into operation, and in the meantime many of the countries of Europe will need our aid. We have a present mechanism for rendering this aid beyond the pressing requirements for food and relief which are being administered through the Army and through UNRRA. Again, what other additional credits are we planning to grant to Russia, or to France, or to China? And through what channels? Definite inquiry on these points would seem to be appropriate.

Great Britain

Above all, however, the unsolved question in the field of economic and monetary post-war stabilization is: What is the program for England?

In any survey of post-war economic problems all roads lead back to England. For Britain has been and is a great center of world trade and finance, in which many other countries depend. A strong England to hold this network together is a direct advantage to the United States. Much of the world trade is done in dollars and pounds sterling. Sterling in turn rests on the British balance of payments and that has been badly disrupted. England has spent her substance for war, and her income from investment and shipping is curtailed. Her exports must be rebuilt from the ground up and she must have ports to feed her people, to supply raw materials for her industries, and to rebuild her homes. Her short-term debt to others has piled up to something like \$12 billion. A plan for Britain is the one

(CONTINUED ON PAGE 110)

Look Ahead With First National



Golden Anniversary

50 Years experience assures a more valuable correspondent bank service today and for the postwar.

**THE FIRST NATIONAL BANK
AND TRUST COMPANY OF TULSA**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Investors Mutual, Inc.

Prospectus on request from Principal Underwriter

INVESTORS SYNDICATE

Minneapolis, Minnesota

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• Photographic bookkeeping through the medium of microfilm has brought infallible accuracy, insured safety and measurable savings to hundreds of banks.

To these banks Houston offers its Model 11 Film Processor, a machine which automatically develops

microfilm and 16 mm motion picture film. With this machine, valuable film need never leave the premises. Utmost privacy and accuracy are assured. Furthermore, rush jobs can be completed the same day as filming.

The Houston Model 11 is completely self-contained, portable, compact and fully automatic. Detailed instructions enable average clerical help to operate it competently.

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THE HAMMERMILL COLUMN

About 22 million depositors had checking accounts in 1936. It is estimated that some 30 million have them today. An increase of more than 36 per cent!

There's been no such increase in personnel. Banks employ not many more people than they did 9 years ago—a pretty admirable record of manpower conservation.



Chiefly responsible for the big increase in checks handled were the millions of new depositors who opened no-minimum-balance, pay-as-you-go accounts. Most of them had never had bank accounts before, and apparently they like the idea very much indeed.

Some bankers have watched the amazing spread of this "banking for the masses" with reserve. But most believe that it is creating widespread good will—that it's a healthful broadening of banking's influence in the country's economy.

But there is some puzzlement as to how to charge for such service. Many bankers are not clear on what is the best plan, or how to set it up most efficiently.



They read, for instance, that in New York City many of the banks offering pay-as-you-go accounts charge a flat \$2.00 for a book of 20 checks. No charge for deposits.

Other banks throughout the country make no charge for the checkbook, but have a fixed charge for each check drawn, varying from 5 to 10 cents.

Should special checking accounts be handled in a separate department or combined with regular checking accounts? Is such pay-as-you-go business profitable for the bank? These are some of the many questions.

Most banks find this business worth while. Indeed, they advertise to get more of it. And incidentally, many of them in their advertising mention that their checks are on Hammermill Safety—as an added assurance of protection.

The American Bankers Association has published an excellent handbook, specific and concise, called "SPECIAL CHECKING ACCOUNTS—Operating Procedure." Plans for organizing, merchandising and managing such accounts are detailed with appropriate forms.

Through the cooperation of the ABA, the Safety Paper Division at Hammermill is privileged to furnish you copies of this valuable book. Let us know if you'd like one. No obligation. No salesman will call. (Please mention this magazine.) Hammermill Paper Company, 1501 East Lake Road, Erie, Pa.

BRETTON WOODS—Continued

of any positive world financial program.

But the British problem is not merely economic. It is also psychological and political. Until the British see their own way more clearly they are not going to be very enthusiastic about large post-war world blueprints.

For Britain the whole period between wars was difficult. So people look back critically over the economic policies followed and, seeking a scapegoat, find it in the gold standard which they struggled so hard to reestablish in the Twenties, and which they now blame for unemployment and distress.

It is, therefore, quite natural that the British do not want to commit themselves on currency stabilization and removing exchange controls. Even the very mild commitments in the Bretton Woods Monetary Fund have aroused substantial opposition. As to trade policy they are wondering whether they will have to save their trade position by a whole series of special arrangements with the Empire countries and neighboring European countries. They have some already.

Differences in Approach

There is thus a wide difference between our and the British approach to these matters. The two countries interpret the Monetary Fund differently. We emphasize stability—the British emphasize the power to change the pound and continue exchange control; and as Keynes says it is the opposite of the gold standard. The words to which we have assent mean different things to them. The reality of any agreement we make in this field will depend on many other factors than the Bretton Woods plan alone.

The British are our loyal and respected partners in the war. We want and we will keep them as close partners in the peace. We want to give them more and effective aid in their present problems. Our partnership must be continuing with new understandings to meet new facts as we go along. Remember always that the welfare of our countries is bound together—and agreement between us is basic to world agreements. We do not know how Bretton Woods will work until this central question has been more fully resolved.

CED Testimony on Bretton Woods

Among those who appeared before the House Banking and Currency Committee to speak on the Bretton Woods proposals were RALPH E. FLANDERS, president of the Federal Reserve Bank of Boston, and chairman of the Research Committee, Committee for Economic Development, and HARRY SCHERMAN, a member of the Research Committee. Here are excerpts from their statements:

Chairman Flanders:

"All of us were deeply concerned over one weakness in the Fund which many have pointed out. This weakness lies in the danger that there may be heavy drafts on the Fund which are outside the range of weekly or seasonal, or even cyclical adjustments. Requirements will develop for longer term general-purpose loans which are different in kind and in amount from drafts required for adjusting variations in exchange. As examples of this type of loan, we would have the case of a country like Greece which may require large-scale assistance for establishing reserves to reconstruct a currency which is now disorganized and ineffective. There will doubtless be

demands on the part of other countries for restocking their industries with materials and replenishing their working capital so that their economies, stalled on dead center, may again get in motion for the production of goods and services for their own people and for exchange in international trade.

"We all felt that loans for this purpose had no logical place in the Fund and that the Fund was subject to danger of depletion if they were allowed to go there. It appeared in fact that no real provision was made for those loans. Quite obviously the logical place for such loans is in the proposed Bank and means should be found or action taken to strengthen the Bank's field of operation so as to include such loans. The action would at once strengthen the Bank and safeguard the Fund, leaving both Bank and Fund to perform their proper functions. The procedure would be for the managers of the Fund to refer to the Bank all drafts upon resources which were evidently of the nature of these longer term stabilization loans, instead of being current adjustments in the balance of exchange."

(CONTINUED ON PAGE 112)



Entrance of The National Bank of Commerce in New Orleans at Baronne and Common Streets, one of the city's busiest downtown corners.



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CED TESTIMONY—Continued

"On the face of it, this proposal seems not to be adequately provided for in the agreement. The objection has been raised that to modify the operations of the Bank and Fund in this respect would require another international conference. We are convinced that the alteration can be made without reconvening an international assembly which has once met and come to its conclusions."

Mr. Scherman:

"The American Bankers Association says that the Bank ought to have the power to make stabilization loans. The Treasury officials say the Bank is now given that power under the "special circumstances" phrase cited above. But the Treasury officials also evidently agree with the CED suggestion that it is well to have the power expressly granted, so that there shall be no misunderstanding now or later, on the part of any nation or any individual.

"Further analysis will show that the harmony of views, about this basic feature of the Bretton Woods machinery, throws an entirely new light on

other serious criticisms that have been made of the Monetary Fund. It seems considerably to minimize their force.

"It will be observed, first, that makes sharp and clear the function each institution is to perform, although their respective managers would have to—and undoubtedly would—work closely together.

"There are three main fields of activity they would engage in. If the CED suggestion is followed, everybody will understand that the Bank would be responsible for making any required stabilization loans to governments, loans for the gradual restoration of the economic status of distressed countries after the war. Also the Bank, everybody now agrees and understands, will take care of loans for specific projects of construction and development over the world. The function of the Monetary Fund will be to meet temporary shortages of a needed currency whenever they develop in any country, as the result of an adverse balance of trade between and some other member of the Fund. That is, the Fund will principally perform the function that automatic payments used to perform in less disturbed days than we now live in."

When the folks who have something to sell start getting courteous again, you can figure reconversion is really here.

Sometimes a nation abolishes God, but fortunately God is more tolerant.

If the post-war automobile is lighter, it means the designers have given some consideration to the pedestrian.

Several years ago there was a magician who could make a cow vanish. The OPA can do it now.

After listening to some of this year's

commencement speeches, we gather the world is in such terrible shape that nothing can save it except the Class of '45.

We suppose it's only a question of time now until everyone will have a new car wings.

Many caddies become good golfers. They probably never have the time to read one of those books on how to play golf.

The inflated Chinese dollar proves there is something below zero.

If Europe doesn't get going right, it's probably got left.

President Truman seems to think Federal expenditures have reached the breaking point.

It is much easier to amend a plan for world peace than to amend the people's fit it.

Soap flakes have been so hard to get, wonder why some Congressmen have suggested that they be subsidized.

From rural newspaper: "Henry Jones has bought a cow and will now supply neighbors with milk and fresh eggs. Apparently an advance model of the post-war cow."

Consumer Credit

(CONTINUED FROM PAGE 45)

service. Mutual savings banks and savings and loan associations will persevere in their annual efforts to wedge in through new legislative powers, and small loan companies will continue their attempts to have their legal loaning limits raised.

Recognizing that the distribution of the coming huge mass production depends to a large extent on the flow of consumer credit, this new interest is timely for it has been proved that the standard of living is always at its highest where the facilities for the extension of credit are most widely organized and most readily available to the largest number of people. It is a tradition of American business to thrive on keen competition, but as we all know, its ultimate success depends a great deal on whether all concerned accept their share of the responsibility to exert a wholesome influence.

On the other hand, over-expansion in any field often breeds questionable practices, because if everybody succeeds in "getting into the act," the ensuing duplication and overlapping may adversely affect profits, without which efficiency will be impaired to our discredit.

If a word of caution is in order, let us truly appreciate that competition becomes dangerous when policies of "meeting and beating" the other fellow are adopted all around under pressure.

PRE-WAR requirements were gradually relaxed under competitive stress, and the effect is exemplified in our local situation, if I may cite more of our experience. When we made our first loan 10 years ago, there were only one large and one small commercial bank and six industrial banks competing locally, and very few in the suburbs. Except in rare instances all charged maximum rates, restricted terms to 12 months, and required co-makers or collateral. Today, in addition to almost 100 banks in the New York commuting district, there are within the city limits 35 commercial and seven industrial banks with over 300 branches making this type of loan, mostly without co-makers and at less than legal rates. In other words, rates have been slashed simultaneously with the easing of requirements. Before Regulation W terms were freely offered up to 18 or 24 months, and easy and deferred payment plans were advertised as inducements.

Despite this kind of competition we maintained our original conservative

objectives. Our average maturity never exceeded 13 months; 65 per cent of our loans were co-signed; 9 per cent were collateralized; and 30 per cent were made in limited amounts on one signature. Loans were restricted to 15 per cent of annual income. Even today 61 per cent of our outstandings are co-signed. We held this line mindful of the findings of our survey of 1934 which showed conclusively that this business is definitely war- and depression-proof, provided it is operated on the time-tested and well-balanced basis of risk diversification. Exercising this control did not retard our pre-war progress, and results measured up to our expectations.

WHILE we upheld our credit standards, it was expedient to finally meet competitive lower rates, mainly because of our uncommon advantage in tapping a very large volume accessible to us through our 600,000 customers and millions of other people in the communities served by our 68 branches. Our average loan balance of \$330 further justified a minimum rate and assured us a good yield rate of net profit. Under these circumstances, collateral, or its equivalent in the form of co-makers, warrants a rate concession, and the fact that a large percentage of our loans are made on this basis is proof that many people will readily cooperate for such a premium. When an applicant cannot or will not obtain a co-maker we grade his risk and charge the legal maximum. Exceptions are made for executives and employees of old established concerns, who are prime risks and get the benefit of a lower rate. We intend to adhere to these principles with reasonable flexibility regardless of the degree of strain placed on us by competitors.

There is no implication here that any serious mistakes have been made anywhere, as attested to by an almost

perfect collection record. On the other hand, it is evident that previous liquidation of debt has been virtually automatic through uninterrupted employment and peak payrolls, and it might be prudent to consider that in the next cycle results may be less favorable at one time or another if the willingness to pay is frustrated by the inability to pay.

In summing up the post-war outlook, it seems logical to assume that employment and wages will be maintained on a high scale. After the accumulated shortages and deferred demand have been satisfied, employment should be sustained through new markets created by technological discoveries, inventions, changes and new ideas developed out of war necessities. It is characteristic of personal loan borrowers to make such debt commitments freely when they have absolute confidence in the perpetuation of future income. The factors outlined should therefore assure unprecedented loan volume after the bumpy period of adjustment.

One glaring trouble spot is the difficulty of controlling excessive competition, which may force lower rates, longer terms and more liberal credit than common sense dictates. While the bulk of personal loans are made to alleviate personal hardships, easy money is not always the solution. In the scramble for business when the great day arrives, let us resolve that an oversupply of funds and overcrowding of services will not upset our balance. After all, banks have more at stake than merely lending money, and if we do not discriminate creditwise the resulting "big fist" collection policy will hinder that important part of our general program aimed at building up goodwill.

Sure, Bring the Kids!

Increasing use of the Irvington (N.J.) National Bank by housewives accompanied by small children inspired President Roy A. Hitchings to install a fenced-in kiddies' play pen in the corner of the bank lobby, equipped with juvenile furniture, picture books, and blackboard. Now the kiddies do some figuring on their own account while Mama does her banking in comfort



Your Reading

Prosperity

PROSPERITY: WE CAN HAVE IT IF WE WANT IT. By *Murray Shields* and *Donald Woodward*. The McGraw-Hill Book Company. 190 pp. \$2.

MURRAY SHIELDS, economist of the Irving Trust Company, and **DONALD B. WOODWARD**, research assistant to the president of the Mutual Life Insurance Company, present their views on the problem of prosperity in the post-war United States. Recognizing that the United States has all the material resources and industrial know-how to produce prosperity, the authors give a general statement of the principles and objectives of prosperity.

After discounting a number of current economic theories labeled "formulas for everything but prosperity" the authors present their own recipe. This includes reduced government expenditures, stimulation of the flow of private savings into private investment, revitalization of competition, and removal of restrictive practices of labor organizations.

Home Ownership

HOME OWNERSHIP: IS IT SOUND? By *John P. Dean*. Harper and Brothers. 215 pp. \$2.50.

THE author of this straightforward volume on home ownership is a professor of sociology at Queens College, New York, and has conducted extensive research into the subjects of housing and home ownership.

In a hard-hitting analysis of home buying and home selling, Dr. Dean makes the point that our American faith in home ownership has been ruthlessly exploited in order to sell homes. Here is a candid discussion of the costs of ownership, the hidden risks in house and neighborhood, and the complex market situation in which families try to realize their "home hopes."

In the post-war period Dr. Dean anticipates "a tidal wave of home building and home buying" in urban areas. However, he sees little hope that this boom will carry out a balanced housing program in the real interest of American families. "With little likelihood that, farsighted planning will be undertaken," he says, "the hope of utilizing the accumulated housing demand of the post-war years for a comprehensive community planning and enlightened

housing will probably be swept aside by the drive to get quick profits."

Dr. Dean's book is for families who intend to buy a home, and also for builders, real estate men, mortgage lenders, government officials, and all others who want to see home ownership made sound for American families.

Building

A MILLION HOMES A YEAR. By *Dorothy Rosenman*. Harcourt, Brace. 333 pp. \$3.50.

MRS. ROSENMAN, chairman of the National Committee on Housing, Inc. since its formation in 1941, has brought her knowledge to bear on the problems involved in providing the United States with a million homes a year after the war.

The book analyzes the methods which may be used to reduce costs in borrowing money, in buying and improving land, in construction, and in real estate taxes. It analyzes the relationship of home to neighborhood, and neighborhood to community. Three questions get special attention: redevelopment of slum areas, government assistance for low income families, and the expediency of home ownership.

Contract Termination

HOW TO SPEED UP SETTLEMENT OF YOUR TERMINATED WAR CONTRACT. By *J. K. Lasser*. McGraw-Hill Book Company, Inc. 186 pp. \$3.50.

MR. LASSER, C.P.A. and author of widely used tax manuals, has written an expert guide to contract termination. He gives American business men a sim-

ple, untechnical explanation of how they can handle their plant operation inventories, and settlements before and after receiving termination notice; and he informs large and small plants what to do when war orders are canceled or curtailed.

The book gives specific advice and information on how to set up the termination process in the company, what to do before termination, what to do when a termination notice is received, what to do about inventory and government facilities after termination, how to settle for all that is due after termination, and how to finance the company by partial or complete payments. There is a special section for subcontractors, a final section on other important points, such as how to appeal from government determinations, and a good index.

"Old Lady"

THE BANK OF ENGLAND. A HISTORY. By *Sir John Clapham*. The Macmillan Company. 2 volumes. \$7.50.

SIR JOHN CLAPHAM is England's leading economic historian, author of "The Economic History of Modern Britain" and many other volumes of economic history. This history of the Bank was undertaken by him at the request of the Bank for its 250th birthday.

The two volumes "aim at telling the public and economic history, with a more than a light background of general affairs, economic or political." However, the important position of the Bank of England throughout its existence makes these books almost as much a financial history of England.

The Purple Book

POLK'S BANKERS ENCYCLOPEDIA. March 1945 Edition. R. L. Polk & Company, Detroit. 2,736 pages. \$15.

THIS is the 101st semi-annual edition and in observance of the book's 50th anniversary, is published in a new page size, wider and longer.

The directory reports the condition of 14,758 banks as of December 30, 1944. All their departments, as might be expected, continue to show increases. Deposits rose more than \$24 billion (20.4 per cent). The ratio between capital accounts and deposits is 1 to 14.

Numerous changes among bank officers are reported. Many women have been elected to officerships.

BEATRICE ANN FREAR

Officers of the U. S. 101st Airborne Division examine Himmler's million pound hoard of money discovered under a barn near Berchtesgaden. The hoard contained paper currency of 26 nations



PRESS ASSOCIATION

THE ROAD..THE LOAD..*and* THE LAW!



CONGRATULATIONS are in order for the several public-spirited States which, during this year's legislative sessions, took forward strides in bringing to their citizens a greater participation in the benefits of motor transport.

These States have modernized and liberalized their size-and-weight laws so that motor trucks and trailers can now carry practical loads over their highways.

They have helped not only their own citizens, but also the citizens of the other States served by the highways which cross their mutual borders.

This trend among the States is sound and is in the public interest. But let us not cease our efforts to demonstrate to those States which still have backward laws the fact that they are penalizing their citizens and the citizens of neighboring States as well. In spite of the trend toward improvement in our vehicle laws, much remains to be done in the majority of States.

Also, let us remember that we have not reached the end of development in either roads, laws or

vehicles—and that all three must develop together, must be in balance.

We have a projected highway system which is going to cost billions of dollars. It is the most expensive and most comprehensive highway program ever laid down by any country at any time. Let us see, before the money is spent, that the public gets full benefit from this investment.

Commercial-vehicle engineers, highway engineers, vehicle operators and legislators, working in close harmony, will go far in bringing to the public the greatest possible service from the money spent.

Let us have many joint meetings of these key groups.

Our highways are built primarily for business. By transporting the commerce of the United States in the most efficient manner, the public is benefited to the greatest possible degree.

Achieving this objective calls for the closest cooperation between all concerned.

Even our projected road plans are based on vehicles restricted to 96-inch width. Yet, commercial-vehicle engineers are speaking of the need for greater braking areas—wider brake drums—today. Increased brake width must be added to vehicle width because we cannot afford to reduce present tread width. Engineers are speaking of 102-inch vehicle width in order to secure greater safety, stability and particularly more suitable brakes for our modern high-speed motor transport. This is an example of the need for close cooperation between highway planners, vehicle engineers, highway users and legislators.

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Service in Principal Cities

FRUEHAUF TRAILER COMPANY

• DETROIT 32

"What He Did with Every Cent"

(CONTINUED FROM PAGE 48)

overall responsibilities include: (1) Representing and advising the commanding general of the camp on all matters pertaining to allotments of appropriated funds; (2) maintaining files of obligating instruments such as payrolls, orders and contracts; (3) determining funds chargeable against allotments; (4) preparing and issuing monthly reports of obligations and expenditures; (5) keeping fiscal accounting records of various kinds and directing audit functions at camp headquarters, ASFTC, and the Quar-

termaster School; (6) requesting allotment of funds for fiscal periods; (7) supervising all correspondence relating to fiscal matters; (8) directing the fiscal control system and recommending improvements therein; (9) coordinating preparation of fiscal reports covering allotments and other fiscal matters; (10) supervising receipt and disbursement of all monies for the Treasury Department by the disbursing officer and also the issuance of War Bonds by him; (11) supervising and training auditors and examiners for the purpose of making examinations of all camp funds as directed by higher authority and the camp commander. And last, but by no means least, the fiscal director has, by recent directives, assumed additional duties as camp War Bond and insurance officer for which he has direct supervision of all War Bond drives, as well as issuance of all bonds and insurance.

For the most part, these tasks, in turn, are delegated to and apportioned among the fiscal division's four branches.

Banking services are available to all Camp Lee personnel, military and civilian, through a branch on the post operated by the Citizens National Bank of Petersburg. Entirely separate from the camp fiscal division, this branch banking office, contrary to general custom, is housed under the same roof as the camp finance office.

Work of the fiscal division has increased with the GI's return from Europe. They have to be paid and their records processed. Then, when they ship out to the Pacific as the redeployment movement gets into full swing, their records will once again have to be readied to accompany them.

To complete this story in true journalistic style, a tabulation of the amount of money handled every month by Camp Lee's finance office should be included. But that would be telling tales out of school, and besides, it's a military secret!

~~~~~

*Every person has the right to advocate radical ideas, but he ought not insist personally on the benefits of progressive conservation while he does.*

*There's a vast difference between realism and reelism in the movies.*

*Money isn't everything. China has lots of it.*

## THE TEXAS COMPANY



171st Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on July 2, 1945, to stockholders of record as shown by the books of the company at the close of business on June 8, 1945. The stock transfer books will remain open.

L. H. LINDEMAN

May 25, 1945

Treasurer

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**DIVIDEND NOTICE**

The Board of Directors of Investors Mutual, Inc. has declared a dividend of twenty cents per share payable on July 16, 1945 to shareholders on record as of June 30, 1945.

E. E. CRABB, President

*It's a strange fact that a lame duck is never so lame he can't waddle as far as a new government job.*

*Americans Indians used to eat pine bark. We still do, only we call it breakfast food.*

*Newspaper advertisement: "Farmhouse, barn and garden for rent. Room to keep animals; suitable for summer boarders." We think we stayed there.*

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He will explain the Bank and Agent Auto Plan—How it works  
—It's low cost and other advantages. Give him your order to  
handle all the financing and insurance details so you will be  
ready for "Go-Day" when your car rolls off the assembly line.

★ There's a Big Half of this war still to be won. ★

DON'T LET DOWN—SUPPORT THE

**MIGHTY 7<sup>TH</sup> WAR LOAN**

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**OLD REPUBLIC**  
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## Mr. Agriculture

(CONTINUED FROM PAGE 58)

Dallis and carpet grasses were part of the native sod. The fever tick had been eliminated around 1915 through the use of dipping vats. Other pests and diseases could be controlled. All livestock producers lacked was a good market.

In order to bridge this gap, Mr. Montgomery talked things over with John R. Williams, Hinds County agricultural agent back in 1936. Williams and his assistant, C. L. Barry, now a full-time county agent at Natchez, borrowed \$1,190 and bought 46 calves for 4-H Club boys. These were shown that Fall at Jackson, the sales totaling only \$1,690 and premiums only \$50. But it was a start in the right direction, for out of that humble beginning have grown the impressive March shows and sales of all types of livestock and the big sales of feeder calves held each October.

Mr. Montgomery was quick to point out to Hinds County farmers and business men the potentialities of the 1936 show and sale. The Edwards Farmers Club, of which the banker was a leading member, threw its influence behind the proposition. Out of a series of meetings grew the Hinds County Livestock Association with Mr. Montgomery as its first and only president. It was the answer to a long-felt need of farmers and ranchers alike.

The livestock association, under the guidance of livestock experts and Mr. Williams, began to build for the future.

The first show and sale held under its auspices was staged at Edwards in 1937. Total sales amounted to exactly \$11,700. Total premiums were only \$575 in comparison with \$2,317.50 in 1943. The following year, the Edwards Farmers Club built a permanent sales barn and cattle pens on a five-acre tract on the outskirts of Edwards and turned it over to the association for a yearly rental of one dollar. The first feeder calf sale in Mississippi's history was held in October of that year. Subsequent sales have encouraged farmers to raise feeder calves in large numbers, with the average sale amounting to \$100,000.

SATISFIED with the progress of the cattle end of the livestock enterprise, Mr. Montgomery headed a committee that investigated the sheep setup inaugurated by W. C. Bailey, the well-known Clarksville, Tennessee, banker. That was three years ago. The Mississippians were the guests of Mr. Bailey on a tour that carried them to numerous sheep

farms in Middle Tennessee. They learned that native sheep are preyed upon by various parasites and consequently are not sufficiently high in quality to produce wool economically. They were informed that Montana yearling ewes, raised in the vigorous mountain climate of that state, are free from parasites and diseases and therefore would make good foundation stock for Mississippi flocks.

THE following year, 250 Montana ewes were shipped to Edwards on a cooperative basis as a result of Mr. Montgomery's activities. At the same time, a number of registered Southdown rams were purchased from Tennessee farmers to mate with these ewes. Today a number of farmers are raising sheep successfully on a commercial scale.

Mr. Montgomery considers livestock loans one of the best sources of revenue for his bank. Many years ago a Texas banker gave him this formula for cattle loans:

"Never lend a customer money with which to buy both cattle and feed. Give him a loan to buy feeder calves to eat his surplus feed or to get feed for the feeder calves he owns. If the customer is a good moral risk, this is the most liquid and one of the safest of all farm loans."

The Mississippi banker has tried this formula under all conditions—in good times, in bad times, during wars and during depressions. It never has failed.

PRODUCTION of livestock has now passed out of the pioneering stage in Hinds County. Backed by an association determined to keep agriculture really in a fully diversified condition, farmers are going in for a more constructive type of agriculture.

County Agent G. L. Hales, who replaced Mr. Williams six years ago when the latter became district extension agent, daily is preaching the wisdom of planting feed crops for cattle.

"There is no softer place for a farmer to fall than on a big stack of home-cured hay surrounded by a bunch of cattle," he remarked to the writer. "This is especially true when quantities are limited and feed prices high."

Hinds County farmers are in no great danger of going back to the ruinous one-crop system. Leaders like Mr. Montgomery are determined to keep their pastures on a permanent basis and to make the slogan, "A cow for every cotton acre," really come to pass.



Your letters are executives, too. They transmit your policies and implement your decisions.

As executives, they represent you and your business. To function successfully, they must have an air of authority. In bearing and appearance, as well as in speech, they should live up to the standards that you set for yourself.

*Your letters will have the executive distinction*

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# BANKING's Advertisers July 1945

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# THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

**THE OUTLOOK.** The special circumstances which will prevail in business between now and the end of the war in Asia provide a good opportunity to discover where we are heading.

The gradual transition to peace production and the great changes involved offer an excellent chance to see how much socialism we can afford, what kind of a system provides the best food, clothing and shelter and at just what point economic planning ceases to be a help and begins to gum the works.

For many years business has been periodically disturbed by the question whether we were moving to the left or right or advancing boldly to the rear. There was a feeling that no one knew the answer, least of all those who were steering. One reason for confusion lay in the fact that both left and right led to the same destination, a planned economy, dictatorial and deadly. The American way had always been fairly straight down the middle.

In any case it would help to know because a business that knows where it is going has a great advantage over one that does not and the same is true of people and countries. Probably the main reason for a widespread feeling of frustration and disadvantage in our foreign dealings has been that we have not known what we want.

## Consumer Decides

For a number of reasons here and abroad this question of left or right or middle is likely to come in for a tremendous amount of discussion before Japan is defeated. Yet it is not simply a matter of choosing one or another course because there is a certain individual who has settled so many problems in the past and who is right now in the process of deciding this one. He is the consumer. In one way or another he is going to determine what will happen to government controls, government competition with private business, foreign trade restrictions, political lending, punitive taxation and the entire paraphernalia of planned economy.

It is the consumer, including millions of returning veterans, who will decide how much the Government will compete with private business. This composite individual will not be influenced much by ideological arguments but by the quality of service, products and prices. Government owned and subsidized enterprises are extremely unfair competition, as a rule, but the only sure way to beat them is to demonstrate unquestionable superiority of private, non-political business.

## Wants and Gets

The American consumer has been educated to want the best goods and services and get them. After paying high prices for inferior goods during the war the consumer is extremely dissatisfied and just one step away

from ceasing to buy. The kind of product advertising that is now developing paints an attractive picture of the benefits of waiting for higher quality goods. Under present conditions a buying slowdown could occur with the suddenness of someone pressing a signal button heard from Maine to California. A general feeling that better things will be available soon at less cost can take the props out from under the great inventories of low-quality, high priced products.

And the consumer will decide the question of imports and exports. We are still at war and our manufacturers are still under severe restrictions in producing consumer goods. European manufacturers are not under the same limitations and with a great hungry market like the United States it will not be surprising to see a considerable flow of everything from automobiles to alarm clocks under way westward across the Atlantic before our manufacturers can get squared around. We shall hear quite a bit about "buy American" but the consumer will buy what he wants at the best possible price.

The consumer will decide which manufacturers successfully reconvert and stay in business. Certainly many of the war-expanded manufacturers will not be able to make the grade.

They have expanded greatly for war purposes and formed bad habits during a period when selling was unnecessary and all a manufacturer had to do was throw the stuff at the customer. Many have forgotten how to trim corners and watch costs. Lower costs and prices are going to figure greatly in helping the consumer—a king once more—to make his momentous decisions.

The consumer will decide questions of small business versus big business. Big companies seem to have an advantage in that they know their processes and their market. They do not need to buy a book to know how to operate. But beyond a certain point in many businesses size becomes a liability.

The consumer's decision, applied either to the national or international picture, will reflect his opinion as to which system is best just as the stock market reflects a composite opinion and preference.

At present there are many signs here and abroad that the quest for individual job and business security, which is at the bottom of Nazism, Fascism and Communism, is still a strong and growing force throughout the world. Almost all pending legislation of an economic nature in this country reflects this desire of citizens to be taken care of and the natural desire of elected representatives to take care of as many voters as possible.

However, planning during the war has shown itself unrealistic and costly. Many a "shortage" has been simply a case of some planner or a committee winning an argument with producers. The operation was successful but the cattle died. Planning has shown that it is geared more closely to politics than to serving the public.



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